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The Global Newspaper... London, Paris, Hong Kong, Singapore, The Hague, Moscow, Manila.

Herald Tribune

Algeria... 115 Francs... 0.000...
Argentina... 22.5... 1.25...
Australia... 0.700... 1.000...
Belgium... 36.8... 400...
Canada... 0.700... 1.000...
France... 100.0... 100.0...
Germany... 1.000... 1.000...
Italy... 1.000... 1.000...
Japan... 100.0... 100.0...
South Africa... 1.000... 1.000...
Switzerland... 1.000... 1.000...
U.S. Dollar... 1.000... 1.000...
U.K. Pound... 1.000... 1.000...
Yen... 100.0... 100.0...

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Dollar Continues Plunge; U.S. Says It Has No Target

By Ferdinand Protzman
International Herald Tribune
FRANKFURT — The dollar plunged again Wednesday after it was reported that the Reagan administration wants it to decline still further.
The report, later confirmed by the White House, reinforced the bearishness that has driven the U.S. currency to its lowest levels in more than six years.
In Asia, the dollar plummeted in hectic trading despite purchases of \$1.5 billion by the Bank of Japan. It closed in Tokyo at 1.8545 West German marks.
In London, the U.S. currency closed at 1.8410 DM, slightly above the day's trading low of 1.8355 DM but down sharply from Tuesday's close of 1.8753. It closed at 153.45 yen in London, compared with 155.70.
In Frankfurt, it recovered slightly to 1.8633 DM at the fixing, down from 1.8810 Tuesday. In earlier trading the dollar had dropped to 1.8585.
The slide continued in New York. A mid-session dollar was quoted at 1.8323 DM, down almost 4 pennings from 1.8735 at the close Tuesday, and to 152.50 yen from 155.65.
The sudden acceleration of the dollar's descent has caused speculation that officials of the five leading industrial nations will meet in coming weeks to discuss developments.
But the U.S. Treasury denied Wednesday that plans for a meeting of the so-called Group of Five were being made.
Currency dealers said that the decline Wednesday was provoked by a New York Times article Tuesday quoting Reagan administration sources as saying they did not expect the government to try to halt the dollar's slide.
The sources cited the nation's trade deficit, which set a monthly record in December, and declined to say how far they thought the dollar should be allowed to fall.
Larry Speakes, the White House spokesman, confirmed the substance of the New York Times report on Wednesday.
"The dollar will fall in relation to other currencies, as it has, in a steady and coordinated manner," he said, "but we're not setting a target." He denied that the administration was trying to "talk the dollar down."
The administration was thought earlier to have set 1.90 DM as a target. But with that barrier breached, many monetary experts are forecasting historic lows for the dollar against the mark.
"We're looking for the dollar to drop to DM 1.65 and 135 yen by the end of the year," said a source.
See DOLLAR, Page 13



Bob Deeri/The Associated Press

Near the Tower of London, a beefeater strolls in a heavy snowstorm. In Venice, snow covered the gondolas. And in Paris, which was blanketed by snow, a motorist gets a helpful push from passers-by near the Eiffel Tower.



Bob Deeri/The Associated Press



Michel Comtet/The Associated Press

Reagan Ordered Secret CIA Aid For Contras

By Boh Woodward
Washington Post Staff Writer
WASHINGTON — President Ronald Reagan signed a top secret intelligence order on Jan. 9, 1986, authorizing the Central Intelligence Agency to provide intelligence, training and communications equipment to the Nicaraguan rebels, according to administration and congressional sources.
Under the Reagan order, known as a "finding," a total of \$13 million was spent in 1986 on CIA assistance to the rebels, the sources said.
The CIA moved quickly to carry out the finding because it provided an opportunity to help the rebels with critical aid at a time when Congress had prohibited U.S. military assistance in their fight against Nicaragua's Sandinist government.
That intelligence and communications aid, which one Reagan administration source said was "authorizing half a war," was explicitly permitted by Congress in legislative compromises made in late 1985.
At that time, the Senate was battling to expand U.S. help to the rebels, known as "contras," and the House of Representatives was trying to eliminate it entirely. Rather than continuing what had been a complete cutoff of CIA assistance to the contras, Congress agreed in November 1985 to a modification that allowed the agency to provide "intelligence and counterintelligence advice" and "information."
A staff report issued by the Senate and House said this assistance also could include "infrastructure expenditures and communications equipment."
In general, according to a variety of sources, the rebel fight was kept alive in 1986, before Congress resumed military assistance last fall through the \$13 million in CIA assistance, along with \$27 million in "humanitarian" aid appropriated by Congress in 1985 and a network of private fund-raising efforts coordinated by a former National Security Council staff member, Lieutenant Colonel Oliver L. North.
Administration sources said that in the overall conflict the intelligence and communications assistance may have been more important than weapons.
Mr. Reagan's Jan. 9 finding was reported to the congressional intelligence committees as required, unlike the finding he signed eight days later that authorized the sale of arms to Iran and that was deliberately kept secret from the oversight committees in Congress.
Although the finding is basically a restatement of the law, the CIA cannot undertake any covert action, including providing advice, without formal presidential approval.
Once Mr. Reagan signed the Jan. 9 order, the director of central intelligence, William J. Casey, moved quickly to strengthen the CIA stations in relevant Central American countries and to ensure that the CIA and other U.S. intelligence agencies monitored every phase of the conflict, sources said.
One source said the National Security Agency, the Pentagon's Defense Intelligence Agency and the U.S. military intelligence services were given additional tasks to ensure that "the Sandinistas and contras were covered with a blanket."
Another source said several dozen intelligence reports on the conflict flowed out of one major Central American CIA station each day in 1986. The sources said \$10 million was spent on this heightened intelligence gathering, and \$5 million See AID, Page 6

LATE NEWS

Austrian Parties Form Coalition

VIENNA (AP) — The Socialists and the conservative People's Party agreed Wednesday to join in a "grand coalition." Chancellor Franz Vranitzky announced.
The decision followed more than eight weeks of negotiations between Austria's two largest parties, after elections on Nov. 29 left neither party strong enough to govern alone.

CBS Elects Officers

NEW YORK (AP) — The board of CBS Inc. unanimously elected William S. Paley on Wednesday as chairman and Laurence A. Tisch as president and chief executive. Both men had held the titles on an acting basis since September.

INSIDE TODAY

No, it's no flake, but a computer simulation of a snowflake — part of science's attempt to understand nature's winter riddle. Science, Page 7.

GENERAL NEWS

Iran said it has opened a new war front against Iraq. Page 2.

The U.S. Supreme Court upheld a law providing pregnancy leave for workers. Page 3.

BUSINESS/FINANCE

U.S. retail sales, aided by auto sales and Christmas shopping, rose a near-record 4.4 percent in December. Page 9.

The U.S. Supreme Court allowed national banks to establish discount securities brokerage outlets. Page 9.

France Calls Out Troops to Clear Snow

Compiled by Our Staff From Dispatches
PARIS — France called out the army on Wednesday to help the country dig out of heavy snow, as freezing temperatures that have caused at least 130 deaths across Europe continued.
Road and rail transport remained disrupted by some of the worst winter weather in 25 years, and driving and walking in cities throughout Europe was hazardous. More people died, mainly on perilous roads, and some were found frozen to death.
The biggest death toll, 77, was in the Soviet Union, which is experiencing its worst January since 1950.
France reported five deaths on Wednesday, for a total of 14 since the cold wave began over the weekend. Prime Minister Jacques Chirac, who is also mayor of Paris, mobilized army troops to help clear the 5.5 inches (14 centimeters) of snow that fell on the French capital, the fourth heaviest on record.
The cold snap followed strikes in France by transport and utility workers that had brought power cuts to homes and businesses and disruption to commuters and travelers.
President Francois Mitterrand appealed to the army to help in efforts to feed and shelter the homeless. Some Metro stations in Paris were left open Tuesday night for the city's homeless.
Temperatures were about minus 10 degrees centigrade (14 degrees Fahrenheit) while winds up to 75 mph (120 kph) piled up snow drifts in the southwest, where 15 inches of snow fell since Tuesday afternoon.
British Rail virtually suspended London area commuter services Wednesday morning because of snow, keeping up to 700,000 people from work. Police in several British regions urged people to stay home unless it was a "matter of life or death."
Food stores in Kent reported panic buying. Some remote villages in the area have been without fresh food for several days.
See COLD, Page 6

Strains Raise New Concern About Reagan

By Martin Tolchin
New York Times Service
WASHINGTON — Congressional leaders long concerned about what they consider President Ronald Reagan's inattention to detail say their concerns have been heightened in recent meetings with him at the White House.
The leaders, among them some of Mr. Reagan's political allies, note the strains on Mr. Reagan both from the crisis over arms sales to Iran and from recent presidential illnesses and surgery.
They mention the tensions generated by the Republican loss of the Senate in November, after Mr. Reagan had invested much of his time and prestige last fall trying to retain control. They also cite his status as a lame duck, which they say has emboldened some on Capitol Hill to declare open season on a managerial style that had served the president well.
Some say these new tensions merely exacerbated Mr. Reagan's long-established tendency to ignore the nuts and bolts of government. They stress that this has nothing to do with his age — the president will turn 76 next month — but, rather, a reflection of a leadership style that has been evident since his days as governor of California.
His supporters argue that his ability to focus on broad objectives and not get bogged down in details has been one of his strengths as a leader. But now many politicians, including some Reagan allies, are not only more openly questioning the president's mastery of the fine points, they also are wondering if he comprehends some broader issues, at a time when perilous issues have emerged.
Shortly before Christmas, for instance, Mr. Reagan invited about 20 Republican congressional leaders to provide "input" into his State of the Union message.
Many of them left dismayed, See REAGAN, Page 6



Ronald Reagan acknowledges applause from Treasury Secretary James A. Baker 3d, left, Attorney General Edwin Meese 3d, and James Burly, deputy assistant secretary of transportation, after the first 1987 cabinet meeting.

At White House, Regan Recovers Footing

By Lou Cannon and David Hoffman
Washington Post Service
WASHINGTON — Donald T. Regan, whose hold on his job as White House chief of staff seemed tenuous two weeks ago, is now secure in his position and moving to fill key White House vacancies, according to two administration and Republican sources.
"Regan didn't want to make any moves while he was fighting for his own survival," a senior White House official said. "Now that he's fought off the demands for his resignation, he is putting his own stamp on the place."
On Monday, Mr. Regan's choice for White House spokesman, Martin Fitzwater, was named to succeed Larry Speakes. On Tuesday, White House sources said that Mr. Regan would select a domestic policy director within the next several days, filling a post vacant since John A. Swain resigned in September.
The sources said that John F. Cogan, who was a deputy in the Office of Management and Budget until his former director, David A. Stockman, and is now a top official with the conservative Hoover Institution, has met with Mr. Regan and is the leading candidate for the post of domestic policy director.
Two White House officials said they also expected the White House communications director, Patrick J. Buchanan, to leave, possibly to campaign for the Republican presidential nomination. One of these officials said that Mr. Regan was displeased with Mr. Buchanan's attempt to blame the news media and Congress for damage suffered by President Ronald Reagan in the controversy over the Iran arms sales and the diversion of funds to Nicaraguan rebels.
"There would certainly be no objection from Regan if Buchanan decided to leave," a White House official said, "but no one is going to ask him to leave. The timing of the departure is up to Pat."
Another White House official said of Mr. Buchanan, "We assume he's on the way out the door, but he hasn't made a move yet." If Mr. Buchanan leaves, Mr. Regan is expected to fill the vacancy with his deputy, Dennis Thomas.
The White House political director, Mitchell E. Daniels Jr., also is expected to leave within the next few months, although he said Tuesday that he had made no decision to resign.
Early last month, Mr. Daniels told Mr. Regan that he should resign to help give the president a "fresh start" after the Iran arms controversy erupted. Despite this controversy, officials said, Mr. Regan has not pressured Mr. Daniels to leave.
One official said the chief of staff "respected Daniels for saying to his face what others were saying behind his back."
Mr. Regan's new assertion of authority comes as the president's physical activities have been severely limited, on doctors' orders, while he recovers from prostate surgery.
A White House official said Mr. Regan was frustrated by the restrictions but was being given lots of reading material. "It's not hard to get through to him" with written communications, the official said, but personal contact is tightly restricted.
Mr. Regan, who presided Tuesday over a cabinet meeting, spends about one and a half hours in his office each morning and afternoon and the remainder of the day in the White House residence, officials said.

In Beijing, Hu's Ouster Is Rumored

By Jim Mann
Los Angeles Times Service
BEIJING — The Chinese Communist Party convened an extraordinary high-level meeting Wednesday at which changes in the party leadership may be approved, diplomats reported.
The diplomats said it appears increasingly likely that the meeting was called to approve the ouster of Hu Yaobang, the top-ranking aide to China's senior leader, Deng Xiaoping. Mr. Hu is secretary-general of the Communist Party.
Foreign Communist newspapers have reported "rumors" that Mr. Hu would be replaced as party chief by Prime Minister Zhao Ziyang. The prime minister is another Deng protégé, but he has concerned himself primarily with economic policy and not with questions of political or ideological change.
Mr. Hu has not been seen in public for more than two weeks. A spokesman for the international liaison department of the party said Monday that Mr. Hu has health problems. The spokesman would not respond to questions about whether Mr. Hu remains the secretary-general.
Japan's Kyodo news agency, which has had a good record for accuracy in covering China's recent political developments, said Wednesday that Mr. Deng had criticized Mr. Hu on three occasions since the end of December and had once urged him to resign.
Mr. Hu is reported to have been accused of displaying a lenient attitude toward student demonstrators and toward "bourgeois liberalization," a term covering a wide range of Western democratic ideas.
One Western diplomat said he believed that the party had called a special meeting of the Central Committee, the 209-member group responsible for setting the overall direction of party policy. "The meeting is now under way," he said.
Generally, the Central Committee meets only once a year or so. It See CHINA, Page 6

Whither Strauss — Bavaria or Bonn?

Premier Campaigns for 'Emergence From Third Reich'
By James M. Markham
New York Times Service
AUGGEN, West Germany — It is the refrain that echoes off the stormiest applause. Hunkered behind the podium, Franz Josef Strauss calls upon his compatriots to come out of "the shadows of the Third Reich" and be proud to be Germans again.
"We have to end the attempt to limit German history to the 12 years of Hitler — the representation of German history as an endless path of Germans' mistakes and crimes, criminalizing the Germans," the premier of Bavaria declared. "We must emerge from the dismal Third Reich and become a normal nation again."
The emphatic assertion of a German national identity comes naturally to the combative Mr. Strauss. In an election campaign lacking great suspense, one of the most consequential riddles is whether the conservative 71-year-old Bavarian to Bonn as vice chancellor — and as a political bull in a coalition china shop — after the vote Jan. 25.
Several thousand Black Forest winemakers and farmers sat up straight on their tip-top wooden benches and clapped, cheered and shouted as Mr. Strauss, in his recent speech, plunged forward with his message of patriotic renewal.
"The historical truth shows that Germany in monstrous numbers committed terrible crimes — and whoever denies this has lost his connection with reality. But it would be the same loss of reality to say that the Germans and their allies did not suffer horrible crimes at the end of the war and after!"
To fulfill its vital role as a self-confident democracy at the heart of the North Atlantic Treaty Organization, Mr. Strauss contended, West Germany needs a strong national identity and an end to "the blockade of its return to historical normality."
"We don't want any totally fanatical nationalists, and nothing like a nation of youthful fanatical nationalists," he cried. "But instead of a nation of 60 million fanatical nationalists we don't want a nation of 60 million nihilists!"
The roomy agricultural exhibition hall boomed with applause.
His foes, and Mr. Strauss is a man some Germans love to hate, ominously suggest that if he does come to Bonn he will give Chancellor Helmut Kohl's center-right coalition a sharp shove to the right, reviving the spirit of the Cold War in foreign affairs and cracking down sharply on dissenters at home.
Hard-line statements prompted Mr. Kohl to declare Monday that an election victory for his coalition would not mean a rightward shift.
"We were concerned," said an aide to the chancellor, "that certain things said in the heat of the campaign might have clouded our policies. We didn't want there to be any doubt about this outside the country either."
It is an open secret that Mr. Strauss, who in the 1950s and '60s was variously minister for nuclear power, finance and defense, would clearly like to crown his long career by becoming foreign minister. But See STRAUSS, Page 6



Franz Josef Strauss, Bavaria's premier, on campaign trail.

Tehran Says Its Forces Have Opened 2d Front; Missile Hits Baghdad

Reuters
MANAMA, Bahrain — Iran said Wednesday that it had opened a second war front following a major thrust in southern Iraq and a missile attack on Baghdad, the third in four days.

Both sides reported inflicting heavy casualties in fighting on the central front, east of Baghdad and about 280 miles (450 kilometers) north of battles raging since Friday in southern Iraq.

Gulf-based diplomats said they believed that Iran wanted to open a second front to take pressure off its forces trying to move toward Basra, Iraq's second-largest city.

Iran said the "limited" operation north of the Iranian town of Sumar had succeeded in regaining some border territory held by Iraq since the first days of the war in September 1980.

Iraq said the Iranians had briefly occupied a small border post but the overnight offensive had been beaten back.

"The enemy offensive has failed and the invaders were defeated, leaving piles of corpses and large numbers of prisoners," an Iraqi communique said.

Residents in Baghdad said a surface-to-surface missile hit the city of about 4.5 million people at around midday Wednesday.

An Iraqi military spokesman said a number of civilians were killed or wounded and that several houses were destroyed. No precise death toll has been given for the three missile attacks since Sunday.

The developments coincide with Iranian calls for postponement of an Islamic summit meeting due to be held in Kuwait later this month. Both Iran and Iraq have been invited, but Iran says it will not attend because Kuwait is not neutral in the war.

The UN secretary-general, Javier Pérez de Cuellar, who plans to travel to Kuwait for the Jan. 26-28 meeting, proposed on Tuesday an urgent Security Council meeting at the foreign minister level to try to end the war.

He said he was ready to go to Baghdad and Tehran if such visits could get negotiations under way. Iran says no peace is possible with the present Iraqi leadership.

Iraq said Tuesday that its forces had seized 38 square miles (100 square kilometers) of Iraqi land in its southern drive toward Basra.

Diplomats in Baghdad said Iran had also massed hundreds of thousands of regular troops opposite Iraq's Second Army Corps in the central sector.

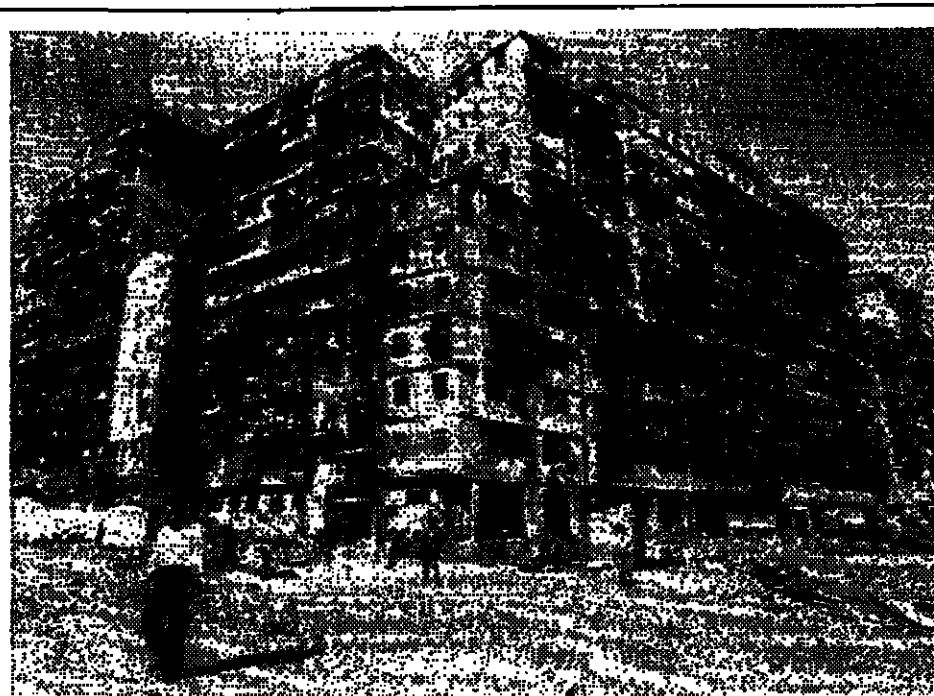
The Iraqi communique said Iran had used regular army troops to spearhead a cross-border attack for the first time in the war.

Tehran Radio said two Iraqi Soviet-made Tupolev bombers were shot down Wednesday over the southern front, bringing to 38 the number of Iraqi aircraft reported downed since Friday. Iraq has acknowledged the loss of six planes.

Iran Strikes at Kuwaitis
 Iran stepped up attacks Wednesday on Kuwait's oil lifeline through the Gulf with a fourth missile attack in nine days on tankers serving the emirate, Reuters reported from Kuwait.

Regional shipping sources said an Iranian warship fired a missile at the 16,745-ton Kuwaiti-owned tanker Sandiah, laden with 25,000 tons of refined oil, shortly after midnight in the southern Gulf.

An engine room fire raged for more than two hours and living quarters were damaged. But no casualties were reported among the crew of about 28, believed to be, mainly Filipinos.



Hong Kong to Tear Down a Landmark Slum
 Hong Kong announced Wednesday that one of the colony's worst slums, known as the Walled City, would be torn down and replaced by a park. About 40,000 people are thought to live in the cluster of 12-story buildings north of the airport. The park project is expected to be completed by 1990.

Soviet Statement on Gulf Said to Show Tilt to Iraq, 'Direct Warning to Iran'

By Elaine Sciolino
New York Times Service
UNITED NATIONS, New York — An official Soviet statement on the Iran-Iraq war suggests that Moscow is tilting further toward Iraq while warning Iran, according to Western and Arab diplomats and experts on Iran.

The statement, issued simultaneously last week in the Soviet Union, several other nations and at the United Nations, also accuses the United States of having escalated the war by secretly selling weapons to Iran.

The Soviet statement was regarded here as the clearest, most detailed policy pronouncement to date by the Soviet Union on the six-year war.

It comes at a time when Iranian-Soviet relations are in flux because of the secret American arms sales to Iran and indications that the Kremlin may announce a withdrawal of some of its troops from Afghanistan. Iran has opposed Soviet involvement in Afghanistan.

The Soviet Union has previously taken great care in its public pronouncements to remain noncommittal on which side it supports in the war, both to hedge its bets in the event of an Iranian victory and to court Iran's leadership.

Although the Soviet Union remains Iraq's largest arms supplier, it does not block the shipment of weapons to Iran by Libya, Syria, North Korea and the East bloc.

"Military methods only make the final settlement more distant and don't bring it closer," the Soviet statement said. "Despite the complex and acute nature of the problems and disputes existing between Iraq and Iran, there are no insurmountable obstacles for the cessation of the war and the establishment of peace."

Iran has vowed to continue to fight "until victory." Tehran has demanded that the Iraqis take responsibility for starting the war and that they overthrow their president, Saddam Hussein. The Soviet statement is a message to Iran to abandon those demands, according to diplomats and experts.

"It is a new degree of Soviet involvement in war policy and a direct warning to Iran," said one diplomat who monitors developments in the war. "It is the clearest Soviet policy statement I have seen concerning the war."

Since American arms sales to Iran were disclosed, the Soviet press has repeatedly accused the United States of interfering in the internal affairs of Iran. This statement, however, is the first to blame the United States for prolonging the war.

"Publicly stating its desire to see the end of the Iran-Iraq conflict," the Soviet statement said, "the United States in reality is fanning the flames of the war, provoking further bloodshed between the two neighboring countries. Washington is trying to justify its political machinations and behind-the-scenes arms deals by references to the so-called 'Soviet threat' to the Gulf countries."

At a news conference at the United Nations on Thursday, the chief Soviet delegate, Alexander M. Belonogov, clearly blamed Iran for continuing the war. He characterized Iran as the aggressor nation that should be deprived of arms.

He added that the Soviet Union "does not support materially or in any other form the party that is on the offensive, and I think this is of some importance."

In what diplomats interpreted as an extraordinarily blunt admission, Mr. Belonogov acknowledged problems in Soviet-Iranian relations.

"It is an open secret," he said, "that the government of Tehran for several years campaigned against the Soviet Union and our bilateral relations deteriorated to a great extent."

Mr. Belonogov suggested that the Soviet Union was providing arms to Iraq to keep Iran from winning the war. Asked how the Soviet Union could call for negotiations at the same time it was selling arms to Iraq, he replied, "The more the side on the offensive is sure it can win, the more stubborn it will be in pursuing the victory."

He said that was why the Soviet Union had encouraged its allies to sell arms to Iraq.

Saudi Envoy In Beirut Disappears

Beirut — A Saudi diplomat has disappeared in a Muslim-controlled West Beirut and is feared to have been kidnapped, the police said Wednesday.

They said Bakr Damanhuri arrived at Beirut International Airport from Jeddah on Monday and disappeared between the airport road and his apartment.

No group has claimed responsibility for the abduction of Mr. Damanhuri, who is responsible for Saudi student affairs in Beirut.

Mr. Damanhuri's disappearance followed the kidnapping Tuesday of a French photographer, Roger Anquet, which also has not been claimed by any group.

It also came as Terry Waite, the Church of England envoy, was continuing his mission in West Beirut in an attempt to gain the release of foreign hostages.

Saudi Arabia condemned what it said was Mr. Damanhuri's abduction. "The kingdom deprecates such terrorist actions and calls on Lebanese authorities to act quickly and free him," the Saudi Press Agency quoted an official as saying.

A special Arab League committee, meanwhile, met President Amin Gemayel on Wednesday for talks aimed at ending fighting between Palestinians and Shiite Muslim militiamen at refugee camps in Lebanon, official sources said.

Chad Puts Libyans on Display

By Jonathan C. Randal
Washington Post Service
NDJAMENA, Chad — Chad put more than 100 captured Libyans on display in the capital, Ndjamena, and called on the Libyan Army and people to overthrow their leader, Colonel Mouammar Gadhafi.

The prisoners were paraded Tuesday onto the stage at the Foreign Ministry auditorium for a two-hour ceremony attended by the press, diplomatic corps and selected members of the Chadian elite.

Most of the prisoners, who were barefooted, appeared to be in good health. Chadian soldiers, however, carried one badly burned prisoner in on a stretcher, and several other Libyans wore clean bandages.

Only a week ago, the authorities had to cut short a similar ceremony when 22 of the same prisoners, many with bloodstained dressings and uniforms, were stoned by a large crowd.

Tuesday's calmer proceedings appeared aimed at convincing the outside world that for the first time in Chad's two decades of almost uninterrupted civil strife, the fighting pits Chadians not against each other but against Libya.

Rebels loyal to former President Goukouni Oueddei have recently joined government forces.

The entire ceremony was conducted in Arabic — apparently for use in radio broadcasts to Libya — and in French, the language of most Chadians.

The prisoners showed no visible emotion as Information Minister Moumine Togi Hamidi addressed them as "dear brothers" and "innocent victims" of Colonel Gadhafi's "annexationist ambitions."

The minister said Colonel Gadhafi had turned Libya into a "police state," wasted its oil riches and reduced the population to living up for scarce necessities.

Chad, the minister said, respected the rule of law and the Geneva conventions governing prisoners of war, and had allowed the Libyans to communicate with their families through the International Committee of the Red Cross.

There was no apparent reaction among the prisoners when he pledged all "necessary aid" for the "Libyan army and people," whom he said should rise up and "free" Libya from Colonel Gadhafi's rule.

"They can count on our aid from the outset," he said, "for this work of salvation."

When the minister allowed journalists to ask questions, most of the prisoners brought before the microphone were circumspect, although they said they were being "well treated."

One 20-year-old Libyan captured at Fada, asked what he thought of Libya's presence in Chad, said: "I was drafted. I carried out orders."

A bearded prisoner rattled off

his name, sent greetings to his family and said, "We should fight to free Palestine" from Israeli control, "not make trouble for Chad."

The authorities appeared pleased with the prisoners' performance. Toward the end, Chadian soldiers passed out cigarettes. That was the only time the captives showed any real animation, and some had to be prevented from pushing aside their fellows for fear there would not be enough cigarettes to go around.

New Fighting Reported
 Chad said Wednesday that its forces destroyed a Libyan command post in the northern Tibesti mountains around Zouar, but said intensive Libyan bombings were continuing. The Associated Press reported.

The Chad information minister said the fighting began Tuesday with a Libyan ground and air attack just outside the outpost at Zouar. He said 16 Libyans were killed and six prisoners were taken, including Tunis and Malians.

Details of the fighting in the north, about 600 miles (1,000 kilometers) from Ndjamena, could not be confirmed independently.

Libyan Assails West
 The official Libyan press agency JANA said that Colonel Gadhafi urged African Muslims on Tuesday to mount a counteroffensive against "Franco-American Christian imperialism" in Africa. Agence France-Presse reported Wednesday from Tripoli, Libya.

WORLD BRIEFS

Kabul Says Truce Will Start Today

ISLAMABAD, Pakistan (Reuters) — The Afghan government's promised cease-fire in its seven-year war with Muslim guerrillas was to begin Thursday, the Afghan leader, Major General Najibullah, said in a broadcast over Kabul Radio, monitored here.

General Najibullah urged the guerrillas, who have rejected the cease-fire, to also stop fighting. The Soviet-backed government in Kabul has said the truce would last six months on condition that it was respected by the guerrillas.

In announcing the cease-fire on Jan. 3, General Najibullah promised the guerrillas an amnesty and peace talks and reiterated his pledge to form a coalition government that would include opposition figures.

Greek Workers Begin General Strike

ATHENS (Reuters) — Greek power workers stopped work on Wednesday before the 24-hour general strike scheduled for Thursday over demands for an end to a freeze on government wages.

The strike Wednesday, by about 30,000 electricity workers, resulted in power outages in Athens and northern Greece, where there is severe cold weather.

Two million government workers are expected to join the strike on Thursday. Virtually every sector of the Greek work force will be affected, including transport workers, teachers, pilots, bank clerks and judges. A Greek airports, except in Athens, will be closed, and most foreign flight will be canceled.

Gibraltar Talks End Without Accord

LONDON (AP) — Britain and Spain concluded on Wednesday a new round of talks on Gibraltar, but without satisfying Spain's claim to sovereignty over the British colony.

Britain's foreign secretary, Sir Geoffrey Howe, and Foreign Minister Francisco Fernandez Ordoñez of Spain held talks Tuesday and Wednesday, and Mr. Ordoñez was later received by Prime Minister Margaret Thatcher.

The Foreign Office said there was a "full discussion" of the sovereignty issue, with Sir Geoffrey emphasizing Britain's commitment to honor the wishes of the 25,000 Gibraltarians, most of whom desire to remain British. The two foreign ministers noted some progress on cooperation between Spain and Gibraltar, in such fields as tourism, environmental issues, culture and sport and public health and education, the Foreign Office said.



Francisco Ordoñez

Firebomb on Colombian Bus Kills 15

BARRANQUILLA, Colombia (AP) — A firebomb in the rear of a crowded bus killed at least 15 passengers and wounded 10, police reported Wednesday.

Two other buses were set on fire Tuesday in this northern port city on the Atlantic coast, but police said there were no casualties. Officials said no individual or group claimed responsibility for the attacks, but they suspected leftist guerrillas.

Buses are believed to be targets of attacks because of a 22 percent increase in fares ordered by the government.

South African Papers Challenge Curbs

JOHANNESBURG (AFP) — South Africa's two largest English-language press groups brought a joint court application on Wednesday, challenging the latest government curbs on reports concerning banned organizations such as the African National Congress.

The urgent application was made by the Argus group and South African Associated Newspapers, both of which publish major daily newspapers. The new restrictions forbid publication of "anything calculated to improve or to promote the public image or esteem" of an unlawful organization. They were imposed Friday by the police under powers conferred on them when a state of emergency was declared seven months ago.

For the Record

The French cabinet approved draft legislation Wednesday on Channel Tunnel project. The 50 billion francs (about \$8 billion) net to finance construction of the twin rail tunnels between England and France will be raised by public shares to be offered this year.

A U.S. envoy, Richard W. Murphy, returned to Israel on Wednesday on peace prospects in the Middle East. Mr. Murphy, assistant secretary of state for Near Eastern and South Asian affairs, is on mission to the region that began last week.

DOONESBURY

SHUFFLE UNSCRAMBLE THE IRAN CRISIS PUZZLE.

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Islam Threat Is Potential, Ozal Asserts

ANKARA — Prime Minister Turgut Ozal said Wednesday that Islamic fundamentalism posed potential dangers to Turkey, but he said the threat was not immediate.

Mr. Ozal denied that he had a difference of opinion on the subject with President Kenan Evren, who called on the nation last week to unite against the threat of religious extremism.

"There is a potential danger of religious fundamentalism in Turkey," Mr. Ozal said at a press conference, "but it does not appear as a threat today."

A major public debate has taken place in Turkey since early this month, when university officials banned female students from covering their heads with turbans or scarves in accordance with Islamic tradition.

Students have staged hunger strikes and other protests and hundreds of people have sent telegrams to national leaders demanding that the ban be lifted.

Press reports on the controversy have contrasted Mr. Evren's tough stand with the lack of a clear position from Mr. Ozal.

"Presenting this as a fight between Evren and myself will bring good to nobody but will harm the country," Mr. Ozal said.

"Turkey is a country which is progressing," he said. "Religious fundamentalism means going back. There is no chance of Turkey ever going back."

Almost all the Turkish people are Muslims, but the country's secular constitution demands separation of religion from state institutions, including universities.

Both Mr. Ozal and Mr. Evren's spokesman denied reports in two newspapers that senior generals had submitted a letter to the president expressing unease about religious activities and complaining of infiltration of the armed forces by Muslim fundamentalists.

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Law on Pregnancy Leave Upheld in U.S.

By Al Kamen
Washington Post Service

WASHINGTON — The Supreme Court has upheld a state law requiring employers to provide unpaid pregnancy leave to employees. The 6-3 decision Tuesday upheld a California law similar to statutes in eight other states. The California law requires employers to give female workers an unpaid pregnancy disability leave of up to four months and guarantees that their jobs will be available when they return.

Lawyers on both sides said the decision in the case, which was being closely watched by business, labor and civil rights groups, was certain to encourage efforts in other states to pass similar laws.

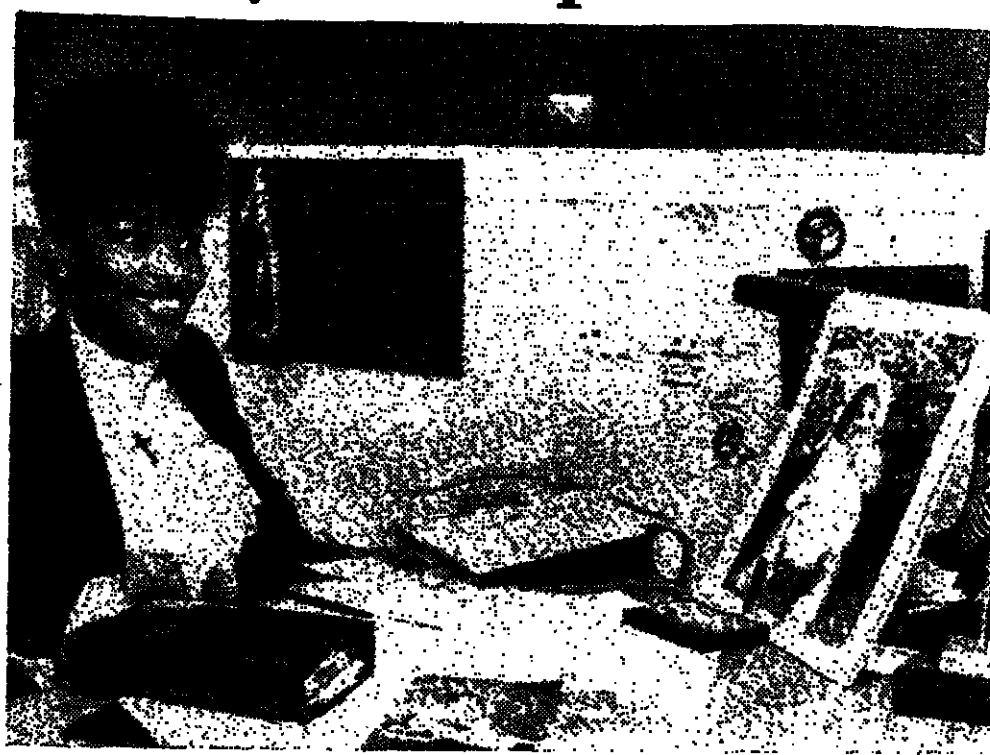
The court, in an opinion by Justice Thurgood Marshall, rejected arguments by business groups and the Reagan administration that the California law violated the 1978 Pregnancy Disability Act. The 1978 law says pregnant workers must be treated the same as, but not better than, workers with other disabilities.

The Supreme Court agreed with a lower court decision that Congress did not intend the 1978 act to limit the benefits for pregnant women. It was, Justice Marshall wrote, only to "fill a floor beneath which pregnancy disability benefits may not drop—not a ceiling above which they may not rise."

The court's action concerned only periods in a pregnancy when a woman is physically unable to work and disability insurance would apply, as it does in cases of illness or injury.

The case, California Federal Savings and Loan Association vs. Guerra, involved Lillian Garland, a receptionist at the Los Angeles-based savings and loan company who lost her job after taking three months' pregnancy leave. State officials charged the bank with violating the state law and the bank sued to have the law overturned.

In San Francisco, Mrs. Garland's attorneys hailed the decision as "a landmark in establishing equal opportunity in the workplace." At a news conference Tuesday afternoon, Patricia Shiu, an attorney for the Employment Law Center, said the ruling meant that "women can now be free to have children without confronting the risk of job loss and economic hardship."



Lillian Garland, whose lawsuit resulted in the Supreme Court decision on pregnancy leave, facing a picture of her daughter at her new job at a real estate company in Los Angeles.

Justice Marshall was joined by Justices William J. Brennan Jr., Harry A. Blackmun, Sandra Day O'Connor and, for the most part, John Paul Stevens. Justice Antonin Scalia concurred in the ruling but did not sign the opinion.

Justice Byron R. White, in dissent with Chief Justice William H. Rehnquist and Justice Lewis F. Powell Jr., said the California law was "in square conflict" with the federal law because it required "every employer to have a disability-leave policy for pregnancy even if it has none for any other disability." Such preferential treatment, the dissenters said, was "contrary to the mandate" of the federal law.

Although the pregnancy benefits granted by the law upheld Tuesday are generous by U.S. standards, far greater benefits are common in Western Europe, the International

Herald Tribune reported from Paris. In countries belonging to the European Community, all working women are entitled to some paid leave during pregnancy and maternity.

In France, women are entitled to 16 weeks off with pay, in Belgium 22 weeks, and in Denmark 24 weeks. The women receive incomes varying from 60 percent to 90 percent of their salaries. In Greece, women receive 50 percent of their income for 12 weeks. But in West Germany, women receive a full salary for 14 weeks off, and in Italy women are entitled to five months off at full pay, with a further right to work part-time for a year after, again at full pay.

A new mother's right to return to her previous position is guaranteed for up to two years in several countries, including France, Britain and some Scandinavian nations.

Herald Tribune reported from Paris.

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Army Minister 'Bell Jar' Movie Prompts Suit In Brazil Denies Coup Speculation Psychiatrist Objects to Being Portrayed as Homosexual

By Juan de Onis
International Herald Tribune

RIO DE JANEIRO — General Leonidas Pires Gonçalves, Brazil's army minister, has denied speculation that there might be a military coup, after a meeting with President José Sarney in Brasilia.

Governor Leonel Brizola of Rio de Janeiro state, a leftist opponent of Mr. Sarney, predicted Monday in a newspaper interview that the rapid rise in inflation following the relaxation of price controls in November would lead to dissatisfaction both in the labor unions and among businessmen.

"Sarney's government has lost national confidence," said Mr. Brizola. "There is danger of a military coup."

However, General Pires said Monday, after meeting with Mr. Sarney, that Mr. Brizola was a "poor analyst."

He added: "If Governor Brizola thinks there is a possibility of a coup, he does not know the reality of the Brazilian Army."

Mr. Brizola, the leader of the socialist Brazilian Democratic Worker Party, has presidential ambitions and has been promoting a national campaign to shorten Mr. Sarney's term.

However, his handpicked candidate to succeed him as governor of Rio de Janeiro was defeated in elections in November.

Mr. Brizola has urged that a constituent assembly, which is to begin work next month, advance the date of the next presidential vote, now scheduled for 1989.

On Wednesday, the 22 Brazilian state governors who are members of the Brazilian Democratic Movement, the main party in Mr. Sarney's centrist coalition government, met in Brasilia with Mr. Sarney and Finance Minister Dilson Fumaro.

Mr. Sarney wants the governors to endorse economic measures to contain an upsurge of inflation. Prices rose more than 7 percent in December and threaten a further increase of up to 15 percent this month.

Interest rates, in anticipation of the higher inflation, have soared to monthly rates of 12 percent to 15 percent, which would lead to annual rates of 500 percent if the trend is not reversed.

By Matthew L. Wald
New York Times Service

BOSTON — A Boston psychiatrist who says she is the basis for a character in Sylvia Plath's novel "The Bell Jar," has filed a lawsuit contending defamation, invasion of privacy and intentional infliction of emotional damage, growing out of a 1979 film version of the book.

The case, which is scheduled to be heard in U.S. District Court here later this week, sets the stage for a major test between the rights of artists to express themselves and the right of individuals to privacy. As such, the case may establish a precedent of unusual importance.

The psychiatrist, Dr. Jane V. Anderson, contends in her suit that she is the basis for Joan Gilling, a character in the novel and movie. Dr. Anderson's attorney said she did not object to the representation of the character in Miss Plath's novel, but based her suit on a scene from the movie involving homosexual advances on the part of the Gilling character.

Defense attorneys say that although the novel is semi-autobiographical, the Gilling character is fictional. If the suit succeeds, according to Victor Kovner, one of the defense attorneys, "it would limit the traditional freedom to create fictional characters based upon the life experience of the author."

"We're dealing with what we believe is one of the great works of contemporary American literature, a true work of art, the serious exploration of a woman's attempt to deal with mental illness," Mr. Kovner added. "It moved hundreds of thousands of readers in this country, if not millions."

Harry L. Manion 3d, the attorney for Dr. Anderson, said he would argue in the trial, for which jury selection was to begin Wednesday, that the problem was "carelessness" by movie producers. Defendants in the suit include Ted Hughes, the English poet laureate, who, as Miss Plath's husband and administrator of her estate, sold the motion-picture rights, and several companies involved in producing and distributing the film.

Dr. Anderson is an assistant clin-



Sylvia Plath

suicide pact. That incident is not in the book.

"We have no quarrel with the book," he said. The problem came, he said, "when Hollywood got its hands on this property."

The case is complicated by the inability of the author to defend herself. Miss Plath attempted suicide in 1953, before writing the novel, and killed herself in 1963, soon after the book was published in England under a pseudonym. It was published there under her own name in 1966, and in the United States in 1971.

A film with the same title was shown in movie theaters beginning in 1979, and a less graphic version with milder language, shot at the same time, was shown twice on CBS and nine times on HBO, and is now being distributed on video cassette by Vestron, the plaintiff said.

According to Mr. Manion, Dr. Anderson is identified by name as the model for the Gilling character in two biographies of Miss Plath published in the 1970s. Mr. Manion also contends that one of the producers said he had a copy of one of the books, "Sylvia Plath, Method and Madness" by Edward Butscher, published in 1976 by Scribner Press.

"They either knew or could easily have found out that Dr. Anderson was the basis of Joan Gilling," he said.

Bess Myerson Steps Down As N.Y. Cultural Aide

United Press International

NEW YORK — Bess Myerson will take a leave of absence "for no longer than 90 days" as cultural affairs commissioner of New York while the city examines her refusal to testify before a grand jury investigating her companion.

Miss Myerson, 62, who Miss America in 1945, invoked her Fifth Amendment right against self-incrimination when she was called to testify in December before a federal grand jury that is investigating her companion, Carl Capasso. Mr. Capasso is a contractor who does millions of dollars worth of business in the city.

ical professor of psychiatry at Harvard Medical School.

Other defendants are the AVCO Embassy Pictures Corp., which produced a television movie based on the book; CBS Inc., which broadcast it twice; Time-Life Films Inc., the owner of Home Box Office, which showed it nine times; and Vestron Incorporated, which has made the movie available for home rental on video cassette, according to the plaintiff.

Lawyers on both sides of the case agree that Dr. Anderson's real-life relationship to Miss Plath is reproduced in several ways in the relationship between Joan Gilling and the book's central character, Esther Greenwood.

In real life, Dr. Anderson was a year ahead of Miss Plath at Smith College in Massachusetts and at different times each dated the same man. Later they were patients at the same psychiatric hospital. The same relationship holds for Esther Greenwood and Joan Gilling in the novel.

Mr. Manion said a major part of the case was a suggestion of homosexual tendencies made strongly in the movie, including an attempt by the Gilling character to lure the Greenwood character into a lovers'

Colombian Envoy Shot in Budapest Is Drug Foe

By Alan Riding
New York Times Service

BOGOTA — The wounding of a former justice minister who until recently headed Colombia's anti-drug campaign marks an apparent extension of the country's drug war into Eastern Europe.

The official, Enrique Parejo González, 56, now the ambassador to Hungary, had been assigned to the diplomatic post in August in the apparent belief that he would be beyond the reach of Colombian narcotics traffickers who had repeatedly threatened his life.

The Foreign Ministry here said Mr. Parejo, a lawyer, was shot five times by an unidentified gunman as he left his home in Budapest on Tuesday morning. The assassin first asked him in Spanish whether he was Colombia's ambassador. He was reported in satisfactory condition Wednesday.

The attempt on Mr. Parejo, whose predecessor as justice minister was killed on orders of cocaine traffickers in April 1984, appeared to confirm a dramatic new escalation in Colombia's drug war.

On Tuesday afternoon, the local office of Agence France-Press said it received a call from a so-called Hernan Botero Moreno Command, which claimed to have shot "the traitor Parejo" on behalf of those whose extradition is being sought by the United States.

Only last month, President Virgilio Barco Vargas ordered a new offensive against the multibillion-dollar narcotics trade after the slaying here of Guillermo Cano Isaza, who was the publisher of El Espectador, Bogota's second largest newspaper, and a strong critic of drug operators.

Since then, the authorities said army and police units have carried out 1,198 raids and arrested 783 suspects, including three who are on a list of 113 reported traffickers whose extradition has been requested by the United States. None of the half-dozen biggest traffickers has been caught.

As the Colombian authorities have increased their pressure on the cocaine underworld, however, drug-related violence has increased, with about 30 judges, 20 journalists and numerous policemen all killed in the aftermath of the killing of Justice Minister Rodrigo Lara Bonilla in 1984.

But on two occasions, leading traffickers also offered to repatriate several billion dollars to help pay off the country's foreign debt if

the government would renounce Colombia's 1979 Extradition Treaty with the United States, under which 13 Colombians have been sent for trial there.

When the government of Pres-

ident Belisario Betancur refused to revoke the treaty, the traffickers reportedly focused their threats and offers of bribes on the country's Supreme Court, which reviews all extradition requests.

Interest rates, in anticipation of the higher inflation, have soared to monthly rates of 12 percent to 15 percent, which would lead to annual rates of 500 percent if the trend is not reversed.

Officials Say Jailings Won't Cripple Mafia

The Associated Press

NEW YORK — The Mafia in the United States has been hurt but not crippled by the long prison sentences imposed on eight of its top leaders, law enforcement officials say.

Among those receiving 100-year sentences Tuesday were three men convicted as the bosses of major organized crime families: Anthony Salerno, 76, of the Genovese family; Anthony Corallo, 73, of the Lucchese group; and Carmine Persico, 53, of the Colombo group.

Judge Richard Owen of U.S. District Court also sentenced four other persons to 100 years each for carrying out the orders of a Mafia board of directors called "the Commission." An eighth defendant was sentenced to 40 years.

The defendants were convicted Nov. 19 of conducting the affairs of the Commission in a racketeering pattern that included murders, loan-sharking, labor payoffs and extortion.

"I can't say it's the end of the Commission," U.S. Attorney Rudolph Giuliani said Tuesday. "But it makes it much more difficult to operate that kind of an operation."

Each of those sentenced would be eligible for parole after 10 years, he said, and under federal law would have to be released after serving two-thirds of his sentence.

Ronald Goldstock, head of the New York State Organized Crime Task Force, called the sentencing "a devastating day for the mob." However, he added, "business continues."



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INTERNATIONAL **Herald Tribune**

Now Iran Attacks Again

Winter is the season for warfare in the swamps and deserts along the rim of the Gulf, and the fighting has picked up again between Iran and Iraq. The Iraqis are far better armed, and their superior air power has succeeded in holding Iran's oil exports down to half the level of a year ago. But Iran has more infantrymen. Its population is larger by a ratio of nearly three to one, and that defines the deadlock that has prevailed since shortly after the war began more than six years ago.

good deal from its dwindling reserves to buy the American weapons and parts. Its aircraft seem to have been much more in evidence this winter than for quite a long time—reportedly including some of the F-4s that the United States sold the shah in the 1970s. Either the Iraqis had been hoarding them for this moment, or, perhaps more likely, they have managed to acquire some of the replacement parts they needed. Nothing that has happened so far in this latest surge of fighting suggests that the deadlock is about to be broken. But if at some point it should break, the consequences would reach a long way. It is not only a war between different definitions of Islam, with the militantly anti-modern position represented by Iran. It is also a war for hegemony in the Gulf region, which has most of the world's known oil reserves. The master of that region sets the world's price. The rest of the world has the strongest kind of interest in bringing this war to a negotiated end with no clear winner, but no one has found a way to do it. With the arms sales Washington has given a measure of material aid, inadvertently, political support to Iran. Now Iran is pressing its attack again.

—THE WASHINGTON POST.

Telling China to China

Dismissals and denunciations of writers, university figures and others associated with the democracy protests in China are being reported in the official press, and the assumption is that reprimands with crushing effects on career prospects are going quietly into the files of student protesters. These are among the mean and vindictive ways a totalitarian government can control dissent without getting into the heavy-handed stuff that fires up people and looks bad abroad. The protesters themselves, in the nationwide demonstrations seen in the last six weeks, seem not only exceptionally brave but also determinedly orderly and even modest in their demands. A government with confidence in itself would not be harassing and punishing them as it is.

opposition's still strong grip on the economic bureaucracy. But it could also be that the opposition means to use the protests to discredit reform. These things go on behind a veil, but they do go on. Student demands for a broader role in local elections, for a more open press and even for Western-style freedoms are important in their own right and as moves in a continuing and portentous political struggle.

—THE WASHINGTON POST.

'A Mistaken Friend'

New York's Cardinal John O'Connor is scarcely the first emigrant to stumble over the loaded arguments in every visitor's path to the Middle East. He was obviously innocent of the ambivalence in his church's diplomacy concerning Israel. But the criticism flung at him by Jewish organizations in New York is overwrought—especially since Israel invited him at the urging of the very Jewish leaders now unhappy with an outcome that might have been predicted.

that its dignitaries not visit Israeli leaders in their Jerusalem offices. Granted, too, that Pope Pius XII was shamefully silent about Nazi Germany's crimes against Jews and non-Jews; and that only tardily did the Catholic Church begin contending actively against anti-Semitism. It is also true, as the Jewish leaders' critical statement acknowledges, that Cardinal O'Connor "has shown himself to be a strong voice against anti-Semitism." How unfortunate that these kind words were lost in the rush to get out a hostile statement before the cardinal had claimed his baggage at Kennedy Airport. So unseemly was the haste that a partial apology was offered by the mobilizer of the protest, Morris B. Abram.

—THE NEW YORK TIMES.

Other Comment

Don't Press Japan to Rearm
All considered, Japan's reluctance to build military power commensurate with its economic strength is a good thing. The Soviet military threat to Japan has grown in recent years. The Soviet Union now deploys 41 divisions east of Lake Baikal. It has more than 160 SS-20 nuclear missiles aimed at Asian targets; 2,400 combat aircraft, including 85 long-range bombers, and a large fleet of fleet.

issues. No amount of U.S. pressure could produce a timely Japanese consensus in favor of a major rearmament program; although Japanese public opinion is slowly changing, anti-militarist sentiments are still deeply rooted. Equally important, other nations in East Asia, with unpleasant memories of Japanese occupation in World War II, do not want to see a major resurgence of Japanese military power. And, as some Japanese point out, Americans cannot be sure that a serious rearmament program, once under way, would stay within bounds that the United States itself would like.

—The Los Angeles Times.

OPINION
Syria and Israel: Too Near the Brink of a New War

By Gideon Rafael



Drawing by TURGUT in Milliet (Istanbul). Courtesy: Writers Syndicate.

JERUSALEM—While in the past year the Iran-Iraq war continued to dominate the Middle East scene, 1987 may see the emergence of another regional epicenter, the long-simmering Syrian-Israeli conflict. The intensity of confrontation between Syria and Israel depends on the actions of those countries and, no less, on the on- and off-stage actions of their superpower allies. Soviet and American indifference to innovations in regional warfare—Iraq's use of poison gas, Iran's launching of missiles against urban populations—reflects military thinking and planning in Syria and Israel. For several years the Syrian army has been equipped with short-range Soviet surface-to-surface missiles. The Soviet Union has also supplied Syria with longer-range and more accurate later models capable of hitting the main urban centers of Israel. Reliable sources report that Syria has acquired a chemical warfare capability and is adapting missile warheads for poison gas.

ment of last Feb. 27 that "history will record how the Golan became the apex of the Holocaust for the Israelis." On the contrary, the threat to inflict a new holocaust on a people risen out of the ashes of the Nazi firestorm and to confront the survivors of the gas chambers with the menace of poison gas catches the emotions of all Israelis.

The next war might degenerate into a contest between chemical and radiation weapons—with global implications.

and forges a determination to respond with all means at their disposal. The cry of the goppled Samson, "I shall die with the Philistines," is deeply embedded in the historical memory of the Jewish people. It could mean that the next war between Syria and Israel would degenerate into a contest between chemical and radiation weapons—with global implications. In the past, Soviet military and political involvement in Syria and American commitment to Israel have prompted the great powers to stand by their allies and at the same time be wary of being dragged by them into a situation of dangerous confrontation. In every major Arab-Israeli conflagration, the two powers have watched the battle attentive-

ly and then intervened jointly and decisively to stop it. Each war ended with a cease-fire of the United Nations Security Council imposed by superpower consensus. But acquisition of arms capable of mass destruction, the heightened combat readiness of masses of troops, the deepening distrust and Israel's narrow margin of security may touch off a conflict of a ferocity that even a fast-moving U.S.-Soviet fire brigade would be powerless to control. Routine practices of crisis management have become obsolete. The risks must be confronted well in advance. The most logical way would be for the two warring states to adopt their own risk-reducing measures. But with there being no prospect of rational discourse between Syria and Israel, only the United States and the Soviet Union acting together can head off conflict. The two powers have lost much valuable time. They must engage without further delay in discussions to restrain Syria from acts of provocation and aggressive preparation that could trigger retributive or pre-emptive Israeli action. Both sides must be made aware that the two superpowers will not tolerate another war or, in any circumstances, the crossing of the threshold of conventional warfare. Once the two contenders become convinced of the determination of Washington and Moscow to confront an offender, they will realize that war is not inevitable but that peace is indispensable. Israel reached that conclusion long ago and is waiting for its adversaries to follow suit.

The writer is a former director general of the Israeli Foreign Ministry and a former ambassador to the United Nations. He contributed this comment to The Washington Post.

Iran and Iraq: If True, Tehran's Claims Should Set Off Alarms

By Drew Middleton

WASHINGTON—Two tentative conclusions can be drawn from recent reports of an Iranian offensive in southern Iraq. The first is that this is the largest Iranian operation in 11 months. The second is that if Iran's tales of success, especially the claim to have severed the links between the Iraqi 3d Corps and the 7th Corps to the south, are true or even close to the truth, an alarm should be sounding in every capital in the Middle East. A triumphant Iran, eager to spread Shiite domination, would be a far greater danger to the area's stability than a victorious but exhausted Iraq. One of the mysteries of the Israeli role in shipping U.S. arms to Iran is why the shipments were ever countenanced by the Israeli high command.

take Iraq's second city. The man-made lake was intended to protect the city from attacks from the east. The situation for Iraq is even worse if the Iranian claim to have cut communications between the 3d Corps and the 7th Corps is accurate. If true, the 3d Corps, which has done most of the recent fighting, is isolated and the 7th Corps will have to mount a heavy attack to restore communications. Thus far the fighting appears to have followed a familiar pattern. The Iraqis attacked in great strength. One intelligence report estimates that close to 100,000 men were involved in the initial onslaught. But there are two variations from the usual pattern. The Iraqis for the first time in more than a year were supported by both fighter aircraft and helicopter gunships, and their anti-aircraft weapons, if the claims are true, were far more effective than in the past. The Iraqi response also seems to have followed a familiar pattern: heavy bombardment by field guns and mortars and at least some bombing by the air force. The consensus at NATO headquarters in Brussels is that Iran, despite heavy Iraqi fire, managed to make some headway last Thursday and Friday. If Basra's fall is an evident danger, the Iraqi high command faces a serious problem. Iranian manpower is greater than

Iraq's, and the transfer of Iraqi reserves from areas to the east of Baghdad might invite fresh Iranian attacks in those areas. At this point, intelligence analysts are reluctant to give any casualty estimates beyond the routine presumption that the Iraqis, as the attackers, probably suffered heavily in the initial phases of the operation. It remains a fact of the Gulf war, however, that the Iraqis have been far more able to sustain heavy casualties than the Iraqis. Is this the "final offensive" the Iraqis have been promising for the past 15 months? It appears doubtful. Rather, this appears to be a preliminary operation to that offensive, one designed to cut the communications between Basra and Baghdad after taking the former. Once that is done, the Iraqis will have to mop up the Iraqi 7th Corps to the south and then regroup for a final push on Baghdad. Some analysts believe that one of the first consequences of the victory would be the establishment in Basra of an Islamic Republic of Iraq to challenge the authority of Saddam Hussein in Baghdad. A political challenge of that sort would provide a rallying point for Iraq's Shiites and their Gulf allies. If the Iraqis hold, and restore the situation, the war will simmer through the winter and come to a boil in the spring. If Iran's claims are accurate, the Middle East and particularly the Gulf region face a tough year.

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This Year's Trade Bill Could Be More Sensible Than Expected

By Hobart Rowen

WASHINGTON—This will be the year when a Democratic Congress passes, and Republican Ronald Reagan will sign, a trade bill. How restrictive such a trade law will be remains to be seen. In this political town, the basic assumption is that inasmuch as 1987 is not an election year, the Democrats in charge of Congress will not find it necessary to be as blatantly protectionist as they tried to be last year. After refusing to send up a trade bill of his own in 1986, Mr. Reagan and his political advisers have decided that it will be prudent to do so this year, in an effort, as one of them said privately, "to signal the parameters that are acceptable."

By Robert B. Reich

CAMBRIDGE, Massachusetts—No issue summons more bipartisan support in America, none elicits more unanimous conviction than competitiveness. "We will make America competitive again," says the new speaker of the House. "Competitiveness" has become a great national Rorschach test. It is an ink blot in which Americans discern their highest hopes and worst fears. Who can be against it? The country has always thrived on competition—not only in its businesses but also in its cherished pastimes: sports, politics and lawsuits. The idea that America is no longer competitive in world markets has caused a collective slow burn, and everyone seems ready to do something about it. But do what? When it comes to solutions there is no common ground because the ink blot means different things to different people. Listen carefully and you hear four distinct and mostly incompatible versions: "We're living too high on the hog." "This is the version touted by big business. Here the problem is that Americans consume too much and save and invest too little. The answer: Cut wages; lower the minimum wage;

the xenophobic version advanced by some trade unionists, politicians from the rust belt and super-patriots of all stripes. Here the problem is that other countries are not letting Americans in, and are subsidizing exports to America. The answer: Don't allow them to sell their wares in the United States until they start playing fair; make them reduce their trade surpluses; erect tariffs and quotas against them; require that a certain percentage of all products sold in America be made in America. "We're not strategic enough." This is the mercantilist version, advanced by America's dominant high-tech companies. Here the problem is that the United States does not have its act sufficiently together to counteract the Japanese. The answer: Relax the antitrust laws so that American companies in the same industry can join forces; provide them with export subsidies; research grants; government contracts; turn universities in the United States into engineering and technology centers for American corporations; and upgrade primary, secondary and vocational education to supply corporations with a steady stream of bright and competent technicians.

Mr. Bentsen says his aim instead is to promote an expansion of world trade. The Democrats are wise to pursue a more statesmanlike line: Not only is this a non-election year requiring less demagoguery, but last year any success they might have had in passing a protectionist bill would have needed the approval of a Republican Senate. So damage could have been blamed equally on the Republicans. "Now," says a White House official, "it's all on their heads." On the other hand, the Reagan administration, in doing its best to show how "tough" it can be on trade issues while still claiming to be the last of the true believers in free trade, is playing a risky game in its longstanding fight with the European Community over the latter's protectionist agricultural policy. The administration and the Euro-

peans are in phase one of a nasty trade war triggered by a boost in Spain's tariffs on \$400 million worth of corn and sorghum. That was a result of sharply higher new levies that Spain was required to put into effect when it joined the EC last year. (There is a similar problem with Portugal that will not surface until later.) When the Carter administration offered compensation that U.S. Trade Representative Clayton Yeutter said was worth only 30 cents on the dollar, Washington retaliated with a boost in tariffs on \$400 million worth of European food and wine to a prohibitive 200 percent. The Europeans are preparing to respond with a punitive list of their own covering U.S. grain. That is where it stands, with both sides growling at each other, pending a "last chance" meeting to find a compromise in Washington on Jan. 23, when Mr. Yeutter and his opposite number from the EC Commission, Willy de Clercq, get together. "There's a real impasse," says a negotiator on the American side. "Our farmers are hurting, so there is a limit to our ability to be flexible. In Europe, the one country that would be hit hardest if we regain most of our corn sales would be France. And you know the difficulties the French government is in." At the same time, though, European and American officials say privately, in almost identical words, that the world won't come to an end if the 23 deadline is passed. "There'll be some blood on the floor before this one is fixed," a European also says. Both sides should be condemned for letting the fight get to this stage. If for tax can break down the whole trading system, and simply add fuel to protectionist fires that can flare out of control on Capitol Hill. Even when settled, as it surely will be, the American-European flap will leave a bad taste in the mouth. It hosts a danger signal for the much advertised new GATT round of trade talks. If GATT's two biggest powers can get into this kind of nonproductive snit, what hope is there for broadening GATT's sway over new products and services? The Washington Post.

No Gimmick Can Clothe the Corpse

FOR all my patriotic intentions, I seem fated to buy everyone else's stuff—to listen to a Sony Walkman while running, to drive my Mitsubishi to buy a Christmas-gift sweater knit in the Philippines before watching a movie made in Australia on a VCR made in... Need I say where or by whom? There are those who predict, rather gloomily, that soon we Americans shall manufacture nothing. Indeed, it is a bit like the story that Southerners once grew up on: the Atlanta editor Henry W. Grady's story of the Georgia funeral. All else had been made in Yankee land and imported on unfavorable trading terms. "There they put him away," intoned Grady, "in a New York coat and a Boston pair of shoes and a pair of breeches from Chicago and a shirt from Cincinnati, leaving him nothing... to remind him of the country in which he lived... but the chill of blood in his veins and the marrow in his bones." There are, apparently, two basic ways to make money in industry: to make a product others crave and can't make, or to make a product others both crave and make, but better and cheaper than they. The alternative has yet to be invented. Congress can probably jimmiey tariffs and quotas and regulations a bit. Without attention to the fundamentals, it will be an analgesic at best. The crisis of U.S. trade competitiveness is a multifaceted crisis, involving pay and fringe benefits, living standards, labor and management practices, habits of saving and investment, craftsmanship, design and imagination. All need attention. No single gimmick is going to dress the corpse. American.

—Columnist Edwin M. Yoder Jr. in The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Against Parades
NEW YORK—Fifth Avenue businessmen are planning a movement which they hope will reduce the number of parades that so frequently give a holiday appearance to the thoroughfare and affect trade. No objection is made to the military displays or other demonstrations, which generally are held on holidays, but merchants cannot see why organizations which plan processions on business days should be permitted to take possession of Fifth Avenue and distract attention from shopkeepers, who pay high rents and seldom derive any benefit from the crowds. W. Edward Brown, secretary of the Fifth Avenue Association, said: "Every parade on ordinary days means crowded streets, blocked sidewalks and a complete stoppage of business. At our next meeting we will prepare for action."

1937: Anglo-Irish Talks
LONDON—A significant event in Anglo-Irish history took place [on Jan. 14] when Eamon De Valera, President of the Irish Free State Executive Council, and Malcolm MacDonald, Dominion Secretary, got together and entered negotiations with a view to settling the political and economic differences which long have estranged England and Ireland. An important meeting was held on relatively neutral territory—Mr. De Valera's hotel room in Belgravia, not far from Buckingham Palace and Downing Street. It was learned that matters under discussion included the constitutional position between Britain and the Free State, prospects of all-round understanding between the two countries and a possible bar on the recruiting of Spanish volunteers in the Free State.

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OPINION

When the Shouting Peaks The Dream Will Be Over

By A.M. Rosenthal

NEW YORK — South Africa — it is like one of those dreams we all have. The kind where you see something bad about to happen, know exactly what will unfold, cry out in warning but know nobody is listening or will hear.

The idea that tyranny can hide is a fantasy.

Soviet Union and its agents in South Africa are dreaming, too, but not in terror, for their greatest ally toward their goals of domination is the government in Pretoria. The more repressive it is, the more hate is spread, the nearer the goal.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

going on. Indonesia threw out a Times correspondent while President Reagan was visiting the country, an insult to Mr. Reagan that seemed not to wound him terribly. Various African countries periodically bar all reporters, and earlier in the century I was among those foreign correspondents invited out of Eastern Europe, in my case Poland. As for the Russians, they simply took an American reporter hostage in a totally successful maneuver to swap him for a Soviet spy, thus not only getting their man back but reminding all foreign correspondents in Moscow exactly where they were, in case they might have forgotten.

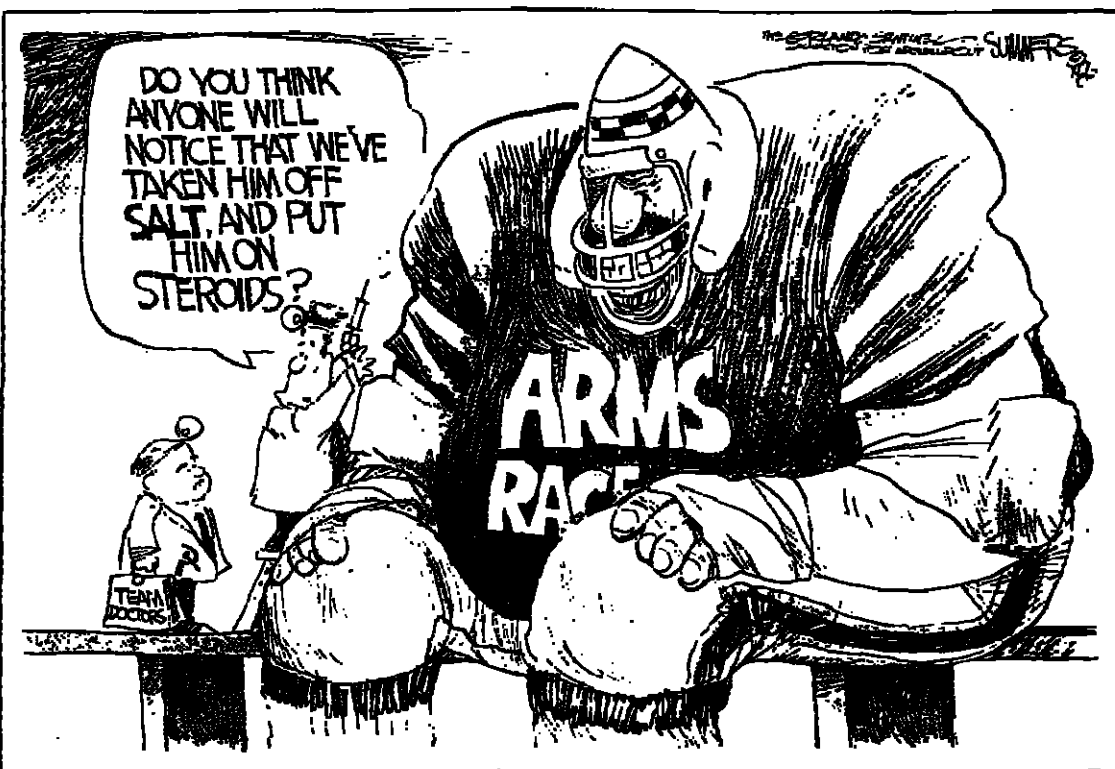
Why the move against The Times? My own belief is that the security and "information" specialists in Pretoria had found that while the rigid censorship rules prevented the world from witnessing police violence on television, it had not been able to prevent the world from reading about it. The fact is that even abiding by the letter of censorship, an intelligent, skilled and experienced correspondent like Mr. Cowell was able to give the full flavor and a lot of the details about what was taking place in South Africa. We know that, the reader knows it, the South Africans know it.

For me it was again the dream, but with a different and more ominous twist. Ten months ago Mr. Cowell was told that he had to get out in a week. I was then the executive editor of The Times and flew to South Africa with my colleague Warren Hope, now an assistant managing editor, then foreign editor. We met with Ministry of Interior officials and some pretty vivid things were said. They talked about meddling and distortions and we talked about freedom of the press. Neither side made converts but at the end the top government man present slammed his dossier shut and said that he still did not like Mr. Cowell or The Times, but since I had taken the trouble to fly all that way he could stay. Now the South Africans have so far refused even to see Max Frankel, my successor. While they may relent in the future, they are certainly not nodding and winking in our direction now.

Perhaps they will allow a few American reporters to stay on for a while. But they do seem determined to extend the censorship beyond pictures, beyond the widest possible interpretation of "security" information, and to blank out the Cowells and the Schmemmanns and thus the minds of American readers.

But the idea that reality can be blanked out, that tyranny can hide and be unknown is a fantasy. It has not worked before and will not work now. They dream, the South Africans, and by the time they are shouted into wakefulness it may simply be too late.

The New York Times



LETTERS TO THE EDITOR

Poland Isn't Czechoslovakia

Regarding "Can't They Even Allow Jazz?" (Dec. 16) by Kurt Vonnegut Jr.:

Before Kurt Vonnegut brackets Poland with Czechoslovakia, he should get the facts straight, or better, visit the country. One of its chief exports is jazz. The rock group Lady Pank (read "punk") regularly makes appearances in the West. And if Mr. Vonnegut likes country music, let him tune in on Polish radio. One of its weekly programs is (or was) "The Road to Nashville." Marlboro, the cigarette brand, sponsors an annual country music festival in Poland in August. The latest rock videocassettes from Britain are broadcast at least once a week on television.

Speaking of television, I would say that at least 75 percent of their dramatic programs are of Western origin: "Hill Street Blues," "East of Eden," "The Muppets," Woody Allen's "Manhattan," Alan Ayckbourn's "Bedroom Farce," to give but a meager sampling. Ditto for the movies. In the theater, Roman Polanski recently appeared in "Amadeus," and musicals from Broadway now on view include "Fiddler on the Roof" and "My Fair Lady." There have been numerous productions of Neil Simon's and Harold Pinter's plays, and the Poles produce everything that Sławomir Mrozek ever wrote.

If Mr. Vonnegut arrives at the airport laden with gifts of Playboy and Rambo-Rocky videocassettes, customs will wave him through. Sony and Sanyo videocassette recorders can be bought in the Polish network of dollar shops from one

end of the country to the other. For satellite television, dish antennas are available from a man in Szczecin (his company is called Svensat) who makes them in his garage and sells them to West Germany and other Western countries for something like \$1,000 apiece. There are already 1,000 in Poland, and owning them is perfectly legal, the only hitch being that the owner has to register with the authorities that he owns one.

As Flora Lewis wrote in "For Poles, a Trial by Impotence" (Dec. 5), even the Hungarians envy the Poles their intellectual freedom. So I invite Mr. Vonnegut to visit Poland, after which he will never lump it with Czechoslovakia again.

MARGARET SZMURAK, London.

Surgery for Some Radicals

Stephen M. Walt's opinion column, "It's Time to Debunk the American Myth About Radical States" (Dec. 30), cautions American foreign policy makers not to castigate Third World "radical" states and nationalist movements which pose limited threats to fundamental U.S. interests. Mr. Walt states correctly that U.S. hard-line approaches offer Syria and the PLO no alternative but to seek Russian support. However, he fails to point out the difference between nationalist movements that are part of old-fashioned balance of power politics and countries taken over by Marxist-Leninist totalitarianism, such as Nicaragua and Cuba, which form part of the spreading cancer of atheistic communism. The free world should

band together to perform radical surgery on these communists and return their hapless people to freedom.

JOHN G. MCCARTHY Jr., Villars-sur-Ollon, Switzerland.

West Germany in NATO

Considering merely the budget figures is not a good way to evaluate defense contributions. Conscription in West Germany, for instance, produces an essential part of the Western defense capability. I might add — again in response to an opinion column last Nov. 18 by Leonard Sullivan, "Washington Spends Too Much on European Defense" — that the West German government has made an unpopular decision to extend the draft. But that does not look very impressive on the budget scale, since conscription is relatively inexpensive.

West Germany provides 30 percent of NATO land forces in Central Europe, 50 percent of ground air defense and 30 percent of combat aircraft. Efforts to strengthen conventional combat power are being made. Leading officials of the Reagan administration recognize this. They know that the European allies do form a credible conventional deterrent.

Discussion of burden-sharing problems should also include the question of how to improve standardization of weapon systems and other equipment by establishing a real trans-Atlantic two-way street. More U.S. willingness to cooperate in this would be welcome.

KLAUS FRANCKE, Member of the Defense Committee of the Bundestag, Bonn.

How to Attack Terrorism: The View From Skid Row

By Jeff Dietrich

LOS ANGELES — Rod is standing next to me, an empty green wine bottle clenched in his fist ready to explode into a million shards of glass. His 6-foot-2-inch (1.88-meter) bulk coils and tightens. Great gobs of saliva fly from his mouth as he spits obscenities at me. I am in the grip of sheer terror; adrenaline surges, but it's like a narcotic, reducing my arms and legs to the consistency of overcooked pasta.

I get a lot out of my work in a Skid Row soup kitchen, but a sense of physical security or peaceful surroundings is

MEANWHILE

not among the pluses. Even on the calmest days the anger, violence and insanity are always there, lying like a mine waiting to go off. But it did occur to me recently that living in this sort of war zone gives one an edge over those who have never dealt with terrorists.

Not that Rod is a terrorist in the political sense. He belongs to no organization, espouses no cause or ideology, has received no formal training or discipline and takes orders from no one. In fact, most of the time he is fairly benign.

But today, for whatever reason — too long a wait in the soup line, no luck in finding a job, a bad night in the alley — he has turned violent and I am his target.

Ever since the bombing of Libya last spring, we have heard terrorism described as a cancer that can be removed by the military equivalent of radical surgery. This is a simplistic solution that finds its domestic American counterpart in the substitution of prisons and jails for a commitment to jobs, education and housing for all. The real cause of terrorism, both domestic and foreign, is rooted in the injustice of poverty, hunger, homelessness and oppression.

After Rod finishes eating, he is much calmer, almost affable, so I take the opportunity to tell him that he will be banned for a week because of the disturbance that he caused in the kitchen.

"The hell with you, punk, I don't want your food any more," he says, turning on his heel and walking away.

I am fully aware that it is 1987 and that idealism, as a basis of national policy, is about as fashionable as bell-bottom trousers and love beads. So I won't even suggest prayer and non-violence as a means of combating terrorism. I am convinced, however, that you cannot end it by bombing children in Libya, or by jailing the poor in your own nation. Any effective program to end terrorism must begin with a commitment to feed the hungry, clothe the naked and shelter the homeless.

The writer is a member of the Los Angeles Catholic Worker community. He contributed this column to the Los Angeles Times.

wrote. "The only way some people can find God is through an experience of sheer terror." It is at those moments that I have learned the power of prayer, quick and furtive and repetitious — "Lord, deliver us from evil; Lord, deliver us from evil; Lord, deliver us from evil" — anesthetizing the brain, slowing the pulse, stifling the rubbery limbs. It is prayer under fire, prayer in the trenches, practical prayer that reaches down to a place of strength that is beyond the fear. Prayers that no one can hear the pounding of your heart or smell the stink of your sweat. Get your voice under control, slowly reach out your hand. Now, standing before Rod, I hear my voice speaking with all the bluff and bravado of an animal trainer, pretending a calm that I do not feel, knowing that any hint of fear on my part will surely invite disaster.

"Rod, give me the bottle and I'll bring you a tray of food. Go on outside. You're too agitated to eat in here."

"O.K., punk, but be quick about it," he says, handing me the bottle. I grasp the neck so as not to inadvertently release the imaginary arming mechanism, and carefully drop it in the trash can, making a silent promise to be more vigilant about picking up such weapons when I see them on the sidewalk.

This is not the first time Rod has terrorized us. Once, after an epic struggle we "banned" him for an entire year. I used to think our methods of dealing with terrorism — prayer and non-violence — were hopelessly idealistic and impractical. Then I heard that a security guard in a similar Skid Row institution was murdered with his own gun during a struggle with an irate client. So much for the use of force. We figure that we might as well stick to our principles.

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Moslems Attack in 4 Provinces in Philippines

By Gregg Jones
Washington Post Service

MANILA — One person was killed and 17 others were wounded in a wave of Moslem rebel bombings and attacks in four southern Philippine provinces, the police said Wednesday.

[Hashim Salamat, a leader of the Moro Islamic Liberation Front, a guerrilla organization seeking autonomy in several provinces on southern Mindanao island, said in Saudi Arabia that his group was responsible for the attacks. The Associated Press reported. He said more attacks would be launched as part of a "long struggle" which he said "was never suspended."] The attacks were viewed here as a setback to Mrs. Aquino's efforts to negotiate a peaceful end to nearly two decades of Moslem fighting in the south.

The renewed violence also called into question Mrs. Aquino's decision to negotiate with only one of three Moslem rebel factions, that led by another Moro National Liberation Front leader, Nur Misuari. Mr. Misuari has said his group would accept regional autonomy instead of independence. The agreement was denounced by Mr. Salamat, who also wants autonomy but opposes the Misuari group.

Aquilino Pimentel, Mrs. Aquino's national affairs minister in charge of the government's Mindanao peace committee, said the attacks proved the need to bring other factions on the island into the peace process.

Speaking after meeting with Mrs. Aquino and advisers, Mr. Pimentel said that because only Mr. Misuari was "really brought into the peace process, I was sure these things were bound to happen."

In 14 apparently coordinated attacks beginning Tuesday night and continuing until Wednesday morning, the rebels blew up and burned bridges, power pylons, government buildings and businesses.

Military authorities said about 300 guerrillas set up checkpoints in one town to distribute leaflets that said the attacks were aimed at stopping Mrs. Aquino's weekend visit to Mindanao. She plans to campaign there for ratification of a new constitution in a plebiscite Feb. 2.

A palace spokesman announced later Wednesday that Mrs. Aquino would proceed with the trip.



Communists held a rally Wednesday in Manila's Tondo district as 'part of a dialogue with the urban poor.' About 300 district residents attended. At left is Saturnino

Ocampo, the chief spokesman for the outlawed Communist Party. Mr. Ocampo helped negotiate the 60-day cease-fire between the Aquino government and Communist rebels.

REAGAN: Strains From Health Problems, Iran Crisis Raise New Concern

(Continued from Page 1)

however, not because the president had rejected their ideas but because many of his responses had little to do with their proposals, according to five leaders who attended the session. His responses led some of the leaders to wonder if he had understood the issues they had raised.

At one point, Representative Robert H. Michel of Illinois, the House minority leader, urged the president to indicate his support of a federal insurance plan to cover catastrophic illnesses. Mr. Reagan responded by talking about a New York City welfare family living in a plush hotel at extravagant cost. Other leaders explained that catastrophic health insurance was not a welfare program, but Mr. Reagan reiterated the welfare family story.

Some of those attending were dismayed at what they viewed as the president's inability to grasp this issue and some of the others that were raised.

But one senator suggested that the president's responses at the White House meeting might have been deliberate.

"He didn't care sometimes about the issues," said the senator, who spoke on the condition of anonymity. "It wasn't as if he was missing the issues as much as he wanted to

address them from a different vantage point."

Senator Orrin G. Hatch, Republican of Utah, thought the president had generally acquitted himself well in a wide-ranging discussion.

"He was responding, not necessarily on point," said Mr. Hatch.

"If you're asking has this Iran-contra thing affected him, certainly it's affected him. But he's never been much for details."

He has a very clear and good grasp of all the things that are going on."

But some White House aides have described the president as "depressed" because of the Iran controversy and his medical problems. And his mental outlook and grasp of issues have become a matter of increasing concern among

ment to conduct covert operations, the senator said.

The senator replied that Congress merely required being informed of such operations and said that in fact the United States conducted covert operations all over the world and that the president recently had authorized such an operation "in country X."

The president had no such recollection, the senator said, until he was reminded by Vice President George Bush. But, undaunted, the president returned to his original theme: Congress had made it "impossible for the government to conduct covert operations."

Mr. Michel, the House Republican leader, was asked if the stress of the investigations into the Iran arms sales and their link to aid for the rebels in Nicaragua, known as contra, had affected the president. He replied: "If you're asking has this Iran-contra thing affected him, certainly it's affected him. He would not elaborate, adding only: 'He's never been much for details.'"

■ **Speakes Assails Report**
The chief White House spokesman, Larry Speakes, criticized The New York Times report and said Thursday that members of Congress who have voiced concern over Mr. Reagan "don't know what they are talking about," United Press International reported.

Mr. Speakes said The Times, its reporter and those who spoke with him "ought to be ashamed of themselves," and called the story's premise "wrong, absolutely wrong" and "foolish."

"I don't think anybody is qualified to comment" on the president's condition, Mr. Speakes said. "They don't know what they're talking about, simple as that. Bug off."

In some areas of Sweden, above the Arctic Circle, weather stations said temperatures had risen from minus 42 centigrade (minus 44 degrees Fahrenheit) to 0 degrees centigrade (32 degrees Fahrenheit).

"We almost had a heat stroke when the thermometer shot up," said Nils-Erik Vasara at the Naimakka weather station.

In Iceland, spring-like weather had produced temperatures of about 10 degrees centigrade (50 degrees Fahrenheit) for a week, and

the only snow was in the mountains. The national weather bureau said warm spells were not unusual in winter, especially when northern Europe is gripped by cold.

Southern Europe did not escape the cold weather. Portugal reported freezing temperatures and fresh snow fell on Barcelona.

In the Soviet Union, Muscovites enjoyed a brief respite as temperatures rose above minus 20 degrees centigrade (minus 4 degrees Fahrenheit). Temperatures also rose in Italy and in much of West Germany.

Forecasters said the temperature was expected to plunge again by the weekend. Most forecasts were for the bitter cold to persist at least until early next week.

Ice-breakers worked to keep Atlantic and Baltic ports open. The Polish ports of Gdansk and Szczecin were reported working at a third of capacity.

In West Germany, frozen switches delayed many commuter trains. Wolfgang Gehrke, a spokesman for the West German railroad in Mainz, said coal on freight trains "had frozen into one solid lump" and could not be unloaded.

A few European airports closed briefly Tuesday, but most have not been affected by the weather. (AP, Reuters)

Shultz Urges Moscow Embassy Worker Doe to Open Politics In Liberia

By Don Oberdorfer
Washington Post Service

WASHINGTON — A U.S. Marine Corps security guard being held on suspicion of helping Soviet agents spy on the U.S. Embassy in Moscow was accused and recruited by a Soviet citizen who worked at the embassy, State Department sources said Tuesday.

Department officials said the case of Sergeant Clayton J. Lonetree, 25, was being treated as a serious breach of security, although an assessment of the extent of the damage was not complete.

Sergeant Lonetree turned himself in late last year in Vienna, according to the sources. He had been assigned to the U.S. Embassy there after leaving Moscow in March.

He is said to have become alarmed after being contacted by Soviet agents in Vienna and asked to perform increasingly serious espionage activities.

Sergeant Lonetree is being held at the U.S. Marine Corps base in Quantico, Virginia, while awaiting a military hearing to determine charges, according to Marine officials.

The sergeant was assigned to the embassy in Moscow in September 1984, but officials would not say when his liaison began with the female embassy employee. She is believed to have recruited him to cooperate with the KGB, the Soviet secret police and intelligence agency.

U.S. Marine security guards patrol embassy buildings, dispose of "burn bags" containing confidential information and check for security violations.

The Washington Times newspaper reported Tuesday that Sergeant Lonetree was suspected of permitting KGB spies to enter the Moscow embassy and of helping the KGB install listening devices in the Moscow and Vienna embassies. Officials would not confirm this report.

Following the expulsion of Soviet diplomatic personnel from the United States last fall, Soviet au-

thorities withdrew Soviet nationals from support jobs at the U.S. Embassy in Moscow and the U.S. consulate in Leningrad.

In a related development, officials at several U.S. agencies said the White House decided last week not to issue a new National Security Decision Memorandum that would have given the Justice Department much greater authority in screening Soviet diplomats seeking to enter the United States.

A spokesman for the State Department, which has primary responsibility for the entry of Soviet diplomats, said Moscow reportedly had been informed that it would not be allowed to use its diplomatic facilities for espionage purposes.

■ **EC Commission Says Delphi Site Must Be Spared**

BRUSSELS — The site of the Greek temple of Delphi, threatened by plans for an aluminum mine, must be preserved undamaged, the European Community's Executive Commission declared in a statement Tuesday.

The EC cultural commissioner, Carlos Ripa di Meana, said the commission would deplore any move that damaged the location of the temple and oracle of Apollo at Delphi, which was considered in antiquity to be the center of the world.

The statement was in a reply to a question in the European Parliament about a plan for an aluminum mine. A French member of the Parliament, Pierre Lataillade, asked for action to protect the area, much of which remains to be excavated.

He said it was "in imminent danger of destruction" from the mine, which would be financed by the Greek government.

Mr. Ripa di Meana said, "The commission can only deplore in the strongest terms any damage caused to the sacred site at Delphi." A spokesman for the Greek delegation in Brussels said that the government in Athens was still considering whether it should go ahead with the mine.

■ **COLD: France Calls Out Troops**

(Continued from Page 1)

Belgium reported its first death, that of a 29-year-old man who apparently froze in his car after it broke down.

Near Venice, a 53-year-old man who fell from his bicycle and into a ditch froze to death, ANSA news agency reported. The body, covered by snow, was found by a worker spreading salt on a road.

In Hungary, four persons froze to death, the news agency MTI reported.

In Skane province in southern Sweden, temperatures fell to minus 15 degrees centigrade (5 degrees Fahrenheit) after a blizzard. People were warned that they risked death if they went outdoors.

In some areas of Sweden, above the Arctic Circle, weather stations said temperatures had risen from minus 42 centigrade (minus 44 degrees Fahrenheit) to 0 degrees centigrade (32 degrees Fahrenheit).

"We almost had a heat stroke when the thermometer shot up," said Nils-Erik Vasara at the Naimakka weather station.

In Iceland, spring-like weather had produced temperatures of about 10 degrees centigrade (50 degrees Fahrenheit) for a week, and

the only snow was in the mountains. The national weather bureau said warm spells were not unusual in winter, especially when northern Europe is gripped by cold.

Southern Europe did not escape the cold weather. Portugal reported freezing temperatures and fresh snow fell on Barcelona.

In the Soviet Union, Muscovites enjoyed a brief respite as temperatures rose above minus 20 degrees centigrade (minus 4 degrees Fahrenheit). Temperatures also rose in Italy and in much of West Germany.

Forecasters said the temperature was expected to plunge again by the weekend. Most forecasts were for the bitter cold to persist at least until early next week.

Ice-breakers worked to keep Atlantic and Baltic ports open. The Polish ports of Gdansk and Szczecin were reported working at a third of capacity.

In West Germany, frozen switches delayed many commuter trains. Wolfgang Gehrke, a spokesman for the West German railroad in Mainz, said coal on freight trains "had frozen into one solid lump" and could not be unloaded.

A few European airports closed briefly Tuesday, but most have not been affected by the weather. (AP, Reuters)

EC Commission Says Delphi Site Must Be Spared

BRUSSELS — The site of the Greek temple of Delphi, threatened by plans for an aluminum mine, must be preserved undamaged, the European Community's Executive Commission declared in a statement Tuesday.

The EC cultural commissioner, Carlos Ripa di Meana, said the commission would deplore any move that damaged the location of the temple and oracle of Apollo at Delphi, which was considered in antiquity to be the center of the world.

The statement was in a reply to a question in the European Parliament about a plan for an aluminum mine. A French member of the Parliament, Pierre Lataillade, asked for action to protect the area, much of which remains to be excavated.

He said it was "in imminent danger of destruction" from the mine, which would be financed by the Greek government.

Mr. Ripa di Meana said, "The commission can only deplore in the strongest terms any damage caused to the sacred site at Delphi." A spokesman for the Greek delegation in Brussels said that the government in Athens was still considering whether it should go ahead with the mine.

CHINA: Rumors of Change

(Continued from Page 1)

held a session in September, and was not expected to gather again until autumn. Another analyst said he was unsure whether the full Central Committee was gathering or whether it was a smaller group of party leaders.

It has been more than a decade since the Communist Party purged someone of Mr. Hu's stature from his leadership post. The last time it happened was in April 1976, and the victim was Mr. Deng himself.

Following a huge demonstration in Tiananmen Square in Beijing, the party — then dominated by leftists including Mao Zedong's wife, Jiang Qing — ousted Mr. Deng from his posts as deputy prime minister and party deputy chairman. The decision was made by the Politburo in the name of the full Central Committee.

The Chinese authorities also announced Wednesday that a prominent Shanghai writer and editor, Wang Ruowang, has been formally expelled from the party.

A decision by the party's Shanghai municipal disciplinary inspection commission said that Mr. Wang had "advocated bourgeois liberalization" since 1979, "especially over the past two years."

"He opposed party leadership over literature and art and attempted to have it liquidated," said the party's decision expelling Mr. Wang. He was also accused of "advocating the capitalist road."

Mr. Wang, 68, is a veteran party intellectual. At age 16, after writing a satire about Generalissimo Chiang Kai-shek, he was imprisoned by Mr. Chiang's Nationalist regime. In 1937 Mr. Wang joined the Communist Party in its wartime headquarters at Yanan.

A victim of Mao's "anti-rightist" campaign of 1957, Mr. Wang spent most of the following two decades in labor camps or prisons.

Mr. Wang had repeatedly argued that party authorities were trying to interfere too much in literature and the arts.

On Monday, in an interview with Hong Kong's South China Morning Post, Mr. Wang said he had already heard he would be purged from the party.

"They won't harm me," he said. "I'm already retired, and no one's been willing to publish my works for a long time, anyway."

DEATH NOTICE

PHILIP S. HOFFMANN
ON DEC. 30 1986, AT THE MIAMI Heart Institute in Miami, Florida. Retired chairman of the Board and Chief Executive Officer of Johnson & Johnson New Brunswick, New Jersey. Funeral services were held in Miami on January 1, and Memorial services were held in Miami on January 2 and New Brunswick, New Jersey on January 9. Surviving are his wife George Hoffmann of Indian Creek Village, Miami, Florida. July Hoffmann Ripper of Bedford, New York. Carol Thompson of Colts Neck, New Jersey, and two grandsons.

AID: CIA and Contras

(Continued from Page 1)

Two other members of congressional intelligence committees, one Democrat and the other Republican, disputed this. They said they believed the administration and CIA exceeded the authority permitted under the law.

The question of CIA assistance is expected to be investigated by the new Senate and House committees set up to inquire into the affair of U.S. arms sales to Iran and the diversion of some of the proceeds to the contras.

There have been assertions that CIA operatives in Honduras, El Salvador and Costa Rica provided the contras considerable assistance last year in the war against the Sandinistas. There has been no conclusive evidence to date, however, that the agency gave assistance beyond the help allowed by Congress.

■ **Vance Criticizes Policy**

Cyrus R. Vance, secretary of state under President Jimmy Carter, told Congress on Wednesday that the Reagan administration's Iran policy has had an "extremely negative" impact on U.S. standing as a credible world leader. The Associated Press reported from Washington.

Conversing on the way to Augsburg, Mr. Strauss said that he had not yet decided whether to leave Munich for Bonn after the election, which he predicted the coalition partners would win with 55 percent

of the popular vote. "And even if it had been decided, I wouldn't say so," he joked.

But he hinted that he was thinking about Bonn by suggesting that the Christian Social Union, his Bavarian sister organization of the Christian Democratic Party, could run its affairs without his being in Munich.

"One cannot think that one is indispensable," he said. He softened an accusation made in campaigning that the Free Democrats were "an unreliable partner," saying this applied mainly to the area of internal security where they have balked at a proposal for granting pardons to terrorists to turn state's evidence. "And we have never understood what Genscher means when he talks about a new phase of détente," Mr. Strauss added.

Asked about his forceful summons for a new German identity, Mr. Strauss said that Bonn's allies should have "the biggest interest" in a self-reliant West Germany. He added that Bonn "must be ready to take over a certain measure of global political responsibility," in keeping with American demands to do so.

Yet Mr. Strauss has such a polarizing effect on the voters that the more he rails at the Free Democrats the higher they seem to jump in the opinion polls. The prospect of Mr. Strauss becoming foreign minister makes certain Germans determined to vote for Mr. Genscher's party.

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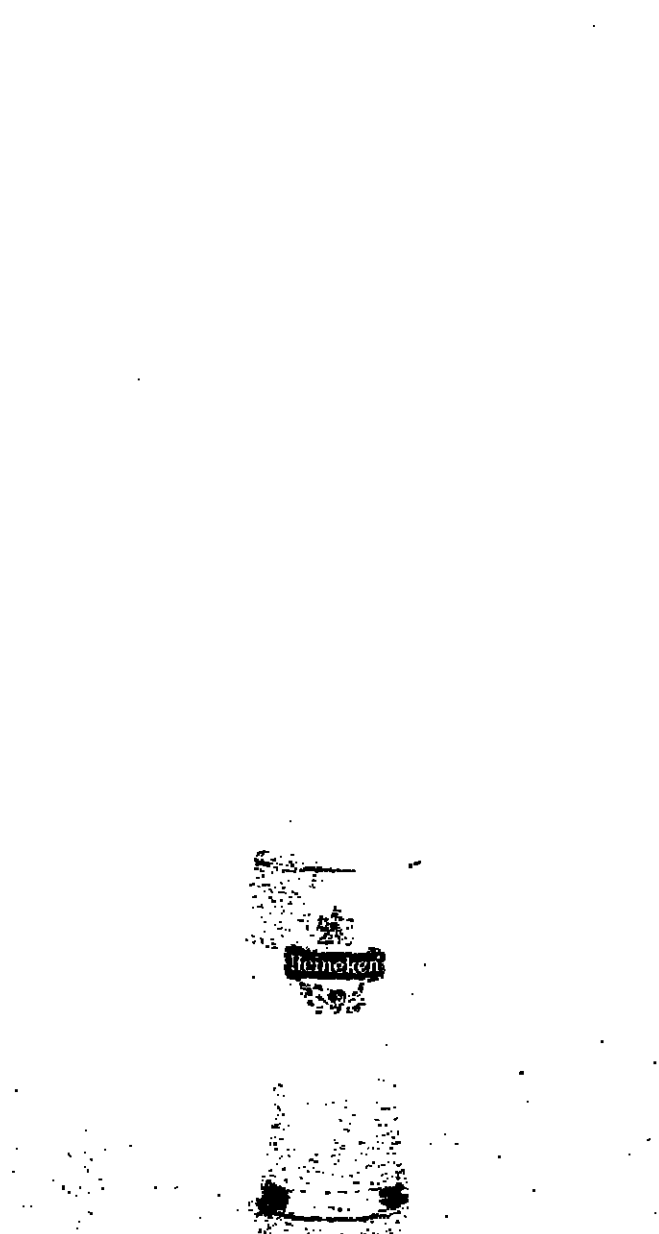
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Sir Warwick Fairfax Is Dead at 85

SYDNEY — Sir Warwick Fairfax, 85, a key figure in Australian publishing for most of this century, died of natural causes Wednesday, a company spokeswoman said.

Sir Warwick was a director and past chairman of the media group John Fairfax & Sons Ltd., which since 1831 has published one of the country's most prestigious newspapers, The Sydney Morning Herald. He was chairman of the company from 1956 to 1977.

Other newspapers in the group include The Age of Melbourne, The Sun of Sydney and the Australia

Financial Review. The group also has major radio and television interests.

■ **Anatoli Efros, 61, Dies; Director of Moscow Theater**
MOSCOW (AP) — Anatoli V. Efros, 61, chief director at the avant-garde Taganka Theatre in Moscow, has died of a heart attack, the official press agency Tass reported.

Mr. Efros, who died Tuesday, became the Taganka's chief director in 1984 after Yuri P. Lyubimov, a pioneering stage figure, refused to return to the Soviet Union from the

West, where he had gone to produce his stage version of Dostoyevski's "Crime and Punishment."

■ **Other deaths:**
Harold Ebot Krenits, 42, whose struggle to overcome blindness and become independent was the inspiration for the Broadway play "Butterflies Are Free," of a brain tumor Monday in New York.

Glenn (Ode) Olschick, 81, the designer and builder of Howard Hughes' giant "Spruce Goose" flying boat, which flew only once, in Las Vegas.

SCIENCE

IN BRIEF

Skeleton of Large Mastodon Found

WASHINGTON (WP) — The fossil skeleton of the world's largest known mastodon, an extinct relative of the elephant, has been discovered in central Florida.

The beast stood 12 feet (3.6 meters) tall at the shoulder, half again taller than the typical mastodon and about 20 percent taller than the previous record holder, a skeleton found in Mongolia. The Florida mastodon, which lived about 7 million years ago, also had four tusks, each jutting about six feet out from the skull, two from the upper jaw and two from the lower jaw.

"It's a little astonishing. It's probably a new species to science," said David Webb, curator of vertebrate paleontology at the Florida State Museum, who has been excavating at the site south of Gainesville. The site appears to have been a prehistoric water hole where animals came to drink and where some became trapped in the soft clay bottom.

Hawaii Has King-Sized Raindrops

WASHINGTON (WP) — Some of the world's biggest raindrops, measuring as much as a third of an inch across, have been photographed falling over Hawaii.

The record-holding raindrop is a 9-millimeter one, just over a third of an inch, seen by the Illinois State Water Survey in a campaign during a 1953 thunderstorm. Scientists had thought such fat drops were rare and short-lived because collisions with other drops would break them up.

A report in the journal *Geophysical Research Letters*, however, reveals that 8-millimeter raindrops were fairly common in a storm that Kenneth Beard, a cloud physicist at the University of Illinois, photographed in Hawaii in 1985. His photographs also showed that the drops survived for a surprisingly long average of 10 minutes. The findings are of interest because the interpretation of weather radar scans depends on assumptions about sizes of the raindrops reflecting the radar beam back to the weather station.

AIDS Antibodies Found In Plasma

NEW YORK (NYT) — Scientists have found that blood plasma of some persons infected with the AIDS virus has large quantities of antibodies that inactivate the virus in the test tube.

The New York Blood Center is seeking plasma donations from people infected with the virus to collect more of these antibodies for further research. The plasma itself will be used only for the AIDS research. It has long been known that AIDS victims usually have detectable antibodies against the virus, but in most cases these appear to give the patient no protection against the deadly acquired immune deficiency syndrome.

If some people do have antibodies that actually protect against the virus, it might be possible to purify these antibodies so that they could be administered under special circumstances for temporary protection of persons such as dentists, surgeons and other hospital workers who may often encounter AIDS patients' blood. Recent studies at the center showed that blood samples from about 50 of 500 infected people had large quantities of the antibodies, said Dr. Louis Baker of the blood center. The ability to kill virus in the test tube does not necessarily prove that an agent will protect against infection.

Vaccine Against Cat Parasite Found

NEW YORK (UPI) — Scientists say a newly developed vaccine for cats may prevent pregnant women from picking up a disease from the felines that causes birth defects. The widely feared disease, toxoplasmosis, caused by the transmission of a parasite from cats to humans, is responsible for about 3,000 birth defects each year, said the March of Dimes Birth Defects Foundation, which announced the discovery.

Toxoplasmosis can also cause brain damage and death in people with diseases such as AIDS that suppress the immune system, doctors said. The potential vaccine, administered to cats rather than humans, has proven successful in laboratory trials on the animals, said the March of Dimes, based in White Plains, New York.

But the agency warned it may take years for the vaccine to pass the efficacy and safety trials needed before it can be made commercially available.

Understanding Snowflakes

By James Gleick
New York Times Service

SCIENCE has conquered the snowflake problem.

In resolving two of nature's most poetic and maddening riddles — why are snowflakes symmetrical, and why are they all different — theoretical physicists have created a new body of mathematics for the laws that control the delicate branching growth of an unstable solidifying crystal.

Snowflakes have become part of a growing science of pattern formation that is drawing together theorists, computer modelers, and engineers with practical problems ranging from metallurgy to flame propagation to oil recovery.

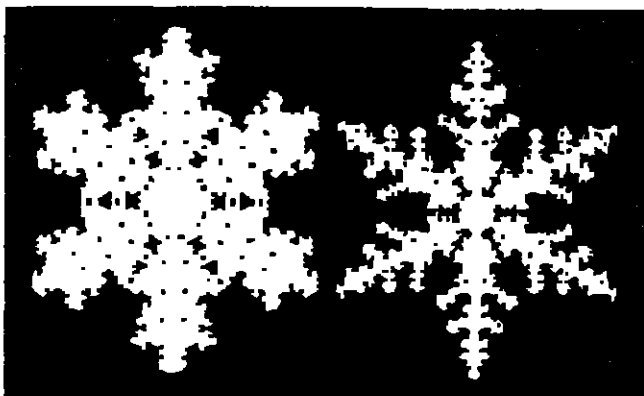
Generations of snowflake-watchers sketched and catalogued the patterns formed by airborne ice crystals: plates and columns, crystals and polycrystals, needles and dendrites. But snowflakes obey mathematical laws of surprising subtlety, and it has been impossible to predict precisely how fast a tip will grow, how narrow it will be, or how often it will branch.

"In the last two years, those problems have been solved," said Herbert Levine of the Schlumberger-Doll Research Center in Connecticut.

"We've reached a very interesting point scientifically where we're starting to look at a whole bunch of older problems of pattern formation in nature, how complex formations emerge out of a generally featureless soup," said James S. Langer of the Institute for Theoretical Physics in Santa Barbara, California. "We finally seem to have a good idea of what controls these things."

A key to the new approach has been the availability of computers with which scientists could propose models, test them, make pictures of the results, and then improve their models. Only recently, though, after more than five years of research by several groups, have computer simulations succeeded in realistically capturing the physics of crystal growth.

One problem is that such growth



Computer simulations of snowflake patterns.

entails, as Dr. Langer says, "a highly non-linear, unstable free boundary problem," meaning that models need to track a complex, wiggly boundary that changes dynamically. "That's tough, trying to understand where this boundary is moving. If you guess wrong, the computer program just blows up on you."

Another problem has been deciding which of the physical forces involved are important and which can be ignored. Most important, as scientists have long realized, is the diffusion of the heat released when water freezes.

When solidification proceeds from outside to inside, as in an ice tray, the boundary between solid and liquid generally remains stable and smooth, at a speed controlled by the ability of the walls to draw away the heat. But when a crystal solidifies outward from an initial seed — as a snowflake does, grabbing water molecules while it falls through the moist air — the process becomes unstable.

Any bit of boundary that gets out ahead of its neighbors gains an advantage in picking up new water molecules and therefore grows that much faster — the "lightning-rod effect." Tips, or "dendrites," form, moving rapidly outward and tending to give birth to subbranches.

This much has been known for years. But the physics of heat diffusion and unstable growth cannot

explain the patterns scientists observe when they look at snowflakes under microscopes or grow them in the laboratory. Recently, Dr. Langer's group in California and Dr. Levine's in Connecticut separately worked out a way to incorporate another process: surface tension.

Where diffusion creates instability, surface tension creates stability, preferring smooth boundaries like the wall of a soap bubble. It costs energy to make surfaces that are rough. And where diffusion is mainly a large-scale, macroscopic process, surface tension is strongest at the microscopic scales.

The competition between these forces makes for tricky mathematics, since the equations must relate scales of millimeters to scales of molecules. Traditionally, physicists assumed that for practical purposes they could disregard the tiny surface-tension effects. "That turned out to be just wrong," Dr. Levine said. "The breakthrough was showing that by throwing away this particular physical effect one was throwing away the right solution to the problem."

The reason is that the surface effects prove much more sensitive to the molecular crystal structure of a solidifying substance — in the case of ice, a natural hexagonal configuration. That gives ice a built-in preference for six directions of growth.

In effect, a snowflake records the

history of the changing weather conditions it has experienced. As a growing flake falls to earth, typically floating in the wind for an hour or more, the choices made by the branching tips at any instant depend on such things as the temperature, the humidity, and the presence of impurities in the atmosphere.

The nature of turbulent air is such that any two snowflakes will follow very different paths, and enough combinations of patterns are possible to more than justify the folklore that all snowflakes are different. But why are all six arms of a snowflake alike?

"Lots of people have thought that there has to be some mechanical equivalent of somebody sitting at the center of the snowflake and telling all of them to do the same thing," Dr. Langer said.

But first of all, careful examination shows that snowflakes are not exactly symmetrical. And second, the six arms of one snowflake, less than a millimeter across, will have experienced nearly identical growing conditions — much closer than any two snowflakes experience, and close enough to explain their similarity.

In metallurgy, specialists seek a precise understanding of what controls the speed of crystal growth and the degree of irregularity because these, in turn, often control the tensile strength of an alloy after it solidifies.

"There's a brand new interaction between technology and science, connected largely by the computer," Dr. Langer said. "People in industry say, 'We're dealing with more and more complex systems, and we're not going to do it by hand-and-find any more — it's too tough.'"

Meanwhile, physics groups at the Ecole Normale Supérieure in Paris, and the California Institute of Technology, in Pasadena, are pursuing the new approach to pattern formation, and a physicist at Emory University, in Atlanta, Ferdynand Family, has used the mathematics to create startlingly lifelike computer pictures of snowflakes.



Multiple exposure of dendrite growth, magnified 40 times.

Some types of algae, for example, closely resemble patterns under investigation by physicists.

"There is a clear connection between this problem of stability and the early differentiation of certain organisms when they start from an egg and gradually acquire structure," Dr. Gollub said. "What we're really doing is pushing science in a new direction through a simultaneous development in mathematics and experiment."

"On the one hand, snowflakes are important because there are lots of crystals in nature, but, in the long run, I think the most important aspect will be this general development of tools and ways of thinking. It is those things that are most likely to carry over into other areas of investigation."

INTERNATIONAL POSITIONS

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Abu Dhabi National Oil Company (ADNOC) controls and co-ordinates the operations of both onshore and offshore oil and gas exploration and production and associated petrochemical industries. The Company wishes to recruit the following personnel in its Finance Directorate:

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PERSONNEL DIRECTORATE
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NYSE 3 p.m. volume	184,940
NYSE adv. comm. volume	202,489
AMEX 3 p.m. volume	14,260
AMEX adv. comm. volume	142,860
Prev. 4 p.m. volume	142,860

Composite	High	Low	Close	Today's P.M.
Industries	1527	1528	1534	1534
Finance	1527	1527	1534	1534
Utilities	1527	1527	1534	1534
Finance	1527	1527	1534	1534

Wednesday's
NYSE
3 p.m.
Via The Associated Press

Not available at press time	
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Composite	High	Low	Close	Today's P.M.
Industries	1527	1528	1534	1534
Finance	1527	1527	1534	1534
Utilities	1527	1527	1534	1534
Finance	1527	1527	1534	1534

Not available at press time	
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Govt	102.15	102.15
Corp	102.15	102.15
Utilities	102.15	102.15
Industries	102.15	102.15

Not available at press time	
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Jan. 12	Buy	Sales	'86/1
Jan. 13	27,444	29,721	12,288
Jan. 14	27,444	29,721	12,288
Jan. 15	27,444	29,721	12,288

Not available at press time	
-----------------------------	--

High	Low	Close	Today's P.M.
Industries	1527	1528	1534
Utilities	1527	1527	1534
Finance	1527	1527	1534
Utilities	1527	1527	1534

Close	Prev.
1527	1528
1527	1528
1527	1528

High	Low	Close	Today's P.M.
1527	1528	1534	1534

12 Month High	Low	Stock	Div. Yld.	PE	52 Wk High	52 Wk Low	3 P.M. Close
17	17	AAR					
17	17	AAW					
17	17	AAE					
17	17	AAI					
17	17	AAJ					
17	17	AAK					
17	17	AAH					
17	17	AAJ					
17	17	AAK					
17	17	AAH					

NYSE Prices Up; Trading Heavy

United Press International
NEW YORK — Prices on the New York Stock Exchange were higher late Wednesday on heavy trading, boosted by a strong energy sector and persistent demand by institutional and individual investors for equities.

The Dow Jones industrial average, with its eighth straight gain, was up 11.95, to 2,024.89, at 3 P.M. EST. Earlier, the Dow had been ahead by 21 points.

Gainers led losers by a 2-1 ratio.

Volume at 3 P.M. amounted to about 184.87 million shares, compared with 145.5 million in the same period Tuesday.

Prices were higher in heavy trading of American Stock Exchange issues.

Traders said a strong appetite for equities by large and small investors continued unabated after persistent selling in December. The market's ability to advance despite some profit-taking has made investors less cautious about the potential for a sharp correction, they said.

Analysts said that investors who are willing to buy on price dips were keeping the market from backsliding, thus encouraging more aggressive buying.

The analysts said a small recovery in International Business Machines was also positive. The bellwether issue dropped about six points during the first two sessions of the week, pressured as analysts lowered their earnings estimates for the computer giant.

With an hour of trading remaining, Puget Sound Power & Light was the most active NYSE-listed issue, off slightly.

Semiconductor stocks surged on the Semiconductor Industry Association's report that

To Our Readers

Wall Street closing prices are not available in this edition because of computer problems in Paris. This edition carries 3 p.m. prices. We regret the inconvenience to readers.

new orders for the three months through December grew at an 8.8 percent rate from the three months ended in November. National Semiconductor, Advanced Micro Devices, Texas Instruments, Motorola and Intel were all sharply higher.

As crude oil prices rose on the New York Mercantile Exchange, oil and oil service stocks advanced. Schlumberger, Chevron, Texaco, Exxon and Phillips Petroleum were all gaining.

Owens-Illinois was up slightly after rising three points Tuesday, when Kohlberg, Kravis, Roberts & Co. sweetened its bid for the company to \$60 a share. Owens-Illinois rejected a \$55-a-share offer Monday.

International Paper was advancing sharply after a jump Tuesday when it reported a nearly three-fold rise in net earnings for its fourth quarter from the year-ago period.

Bethlehem Steel was ahead. After the market closed Tuesday, the company said it expected to report net income in the fourth quarter instead of the operating loss previously expected.

Stocks of Japanese multinationals rose after gaining overnight in Tokyo. Helped by the sharp rise of the yen against the U.S. dollar, Hitachi, Honda, Sony and Matsushita Electric were higher.

12 Month High	Low	Stock	Div. Yld.	PE	52 Wk High	52 Wk Low	3 P.M. Close
17	17	AAE					
17	17	AAI					
17	17	AAJ					
17	17	AAK					
17	17	AAH					
17	17	AAJ					
17	17	AAK					
17	17	AAH					
17	17	AAJ					
17	17	AAK					

12 Month High	Low	Stock	Div. Yld.	PE	52 Wk High	52 Wk Low	3 P.M. Close
17	17	AAE					
17	17	AAI					
17	17	AAJ					
17	17	AAK					
17	17	AAH					
17	17	AAJ					
17	17	AAK					
17	17	AAH					
17	17	AAJ					
17	17	AAK					

12 Month High	Low	Stock	Div. Yld.	PE	52 Wk High	52 Wk Low	3 P.M. Close
17	17	AAE					
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عبدالرحمن الأحمدي

FROM 1875... REW

Herald Tribune BUSINESS/FINANCE

...TO TOMORROW'S WORLD In Touch with Tomorrow TOSHIBA Page 9

THURSDAY, JANUARY 15, 1987

WALL STREET WATCH Leaner Oil-Service Industry Leads Varied List of Gainers

By VARTANIC G. VARTAN New York Times Service NEW YORK — Large-capitalization issues — drugs, papers and oils, among others — figure prominently on the expanding list of stocks scoring new 52-week highs on the New York Stock Exchange. But the market's broad advance also saw new highs set last week by components of the long-depressed oil-service industry, as well as by stocks in such "niche" sectors as check printers, funeral-related businesses and New Jersey home builders.

In the oil-service group, both Halliburton and Dresser Industries, benefiting from an easing of prices for crude oil and Wall Street's renewed interest in energy stocks, traded last week at their highest levels since 1985. Tuesday, Halliburton fell 87.5 cents to \$29.75, while Dresser was unchanged at \$23.50. In recent years, the sharp contraction in oil-drilling activity has caused huge price declines in this group. Halliburton reached a high of \$86.375 in late 1980, when Dresser's shares also fetched their record price of \$57. Last October, when Halliburton was selling at \$22 and Dresser was trading at \$18, Sandi Haber Sweeney, an analyst at Sanford C. Bernstein & Co., recommended their purchase. "I would continue to be a buyer of both stocks," she said this week. "The companies have strong balance sheets, and they have done an excellent job of downsizing their operations. That means they now enjoy the potential of earnings leverage when drilling activity starts to rebound. My top choices in the industry now are Baker International and Schlumberger."

Check printers, home builders are among those doing well.

AMONG funeral-related stocks, brighter earnings prospects have sent Hillenbrand Industries and Service Corp. International to record levels.

Hillenbrand, the leading maker of coffins, was unchanged Tuesday at \$50.625. Shares of Service Corp., the largest U.S. funeral service and cemetery company, closed at \$38.75, up 75 cents. Analysts said that in recent years both companies had benefited from acquisitions, new products, improved profit margins and increased market share as smaller competitors have left the field. "An industrywide consolidation is likely to help Hillenbrand's casket business," said Christian Woschinski of the Value Line Investment Survey. For the year that ended Nov. 30, he estimates earnings at \$2.50 a share, up from \$1.69 the previous year. Value Line awards Hillenbrand its top "timeliness" rating as an investment in the next 12 months. The company also manufactures hospital equipment, luggage and security locks. At Service Corp., Mr. Woschinski expects profits for the year ending April 30 to increase to \$1.90 a share from the previous year's \$1.62. The company expanded its business in 1985 with the acquisition of America, the nation's No. 2 coffin producer. The two leading U.S. printers of bank checks, Deluxe Check Printers and John H. Harland, together account for about 75 percent of the output of this industry. Tuesday, Deluxe was unchanged at \$38, while Harland declined 50 cents, to \$51.25. Deluxe is rated as a "strong hold" after its recent sharp run-up by David L. Jarrett of Tucker, Anthony. He estimates earnings at \$1.40 a share for 1986 and at \$1.75 for this year. In 1985, Deluxe earned \$1.22 a share. The analyst carries a "buy/hold" opinion on Harland, which earned \$1.77 a share in 1985. Profits are estimated at \$2.10 a share for last year and at \$2.55 for 1987. Two home builders that derive much of their growth from the New Jersey housing market — Toll Brothers and Hovnanian Enterprises — also scored highs in recent days. Toll, which went public last July at \$12.50, finished Tuesday at \$19.375, up 12.5 cents. Hovnanian, whose shares tripled in value last year closed on the American Stock Exchange at \$22, down 62.5 cents.

Banks Get Leeway on Securities U.S. Court Lifts Curb on Outlets

The Supreme Court cleared the way Wednesday for national banks to establish discount securities brokerage outlets wherever they want. The 8-0 decision was seen as a victory for the banks and the Reagan administration, which supports financial deregulation, and a blow to the securities industry. Justice Byron R. White, writing for the court, said the U.S. comptroller of the currency may approve plans by national banks to offer widespread brokerage services. A federal law that limits branch banking activities, the 1927 McFadden Act, does not apply to establishing a securities business, Justice White wrote. "The comptroller reasonably interprets the statute as requiring competitive equality only in core banking functions, and not in all incidental services," he said. "A discount brokerage service is not a core banking function."

In 1982, the comptroller had approved plans by two national banks — Security Pacific Corp., with offices in California and elsewhere in the West, and Union Planters National Bank of Memphis, Tennessee — to enter the discount brokerage business. But a federal appeals court, ruling in favor of the securities industry in 1985, limited banks' expansion into the sale of securities. That court said national banks may conduct brokerage activities only at established bank branch offices. Until Wednesday's reversal by the Supreme Court, the decision had effectively prohibited banks from crossing state lines to set up brokerage offices or from creating offices for selling securities within the bank's home state. Security Pacific set up a brokerage business and Union Planters purchased Bremer Steed and Associates Inc., a Memphis brokerage. The banks and the administration asked the Supreme Court to overturn the appeals court ruling. The comptroller of the currency is considering more than 60 applications by banks to enter the business of discount securities trading. [The ruling is expected to have the greatest impact on smaller and medium-sized banks wanting to get into the discount brokerage business, Reuters reported. Bank holding companies already may offer discount brokerage services.]

Conable Plans Tighter World Bank 'Restructuring' May Reduce Work Force by 20 Percent

By Clyde H. Farnsworth New York Times Service

WASHINGTON — The World Bank called it a "restructuring," the first major one in 15 years. But to some of the organization's 6,500 employees, it is more like the sword of Damocles.



Barber B. Conable Jr.

Although no decisions are likely before spring, the exercise to slim down the 41-year-old global lender is already causing anxiety at its headquarters, three blocks from the White House. Early reports suggest that the rolls may be cut by as much as 20 percent, dropping off 1,300 employees and dropping staff size to levels of the late 1970s. For years, the perception in many quarters around Washington, especially on Capitol Hill, has been that the bank, whose staff has quadrupled in less than two decades, has grown obese and provides its employees with too many fringe benefits and perquisites.

The United States is the largest supporter of the bank, providing about 20 percent of its money, and these funds must be approved by Congress, which in these times of budgetary restraint is keeping a sharp eye out for waste. "This review is long overdue," said one of the bank's congressional critics, Representative Jerry Lewis, Republican of California.

At the bank itself, "a lot of people are wondering where they will be in a year," said one nervous loan officer.

Some staff members, many of whom spoke on condition their names not be used, said they had had to take on a bigger work load as the contemplated reorganization has meant that vacancies are not being filled.

"In my debt division," said Jean Baneth, director of the economic analysis and projections department, "we are handling a volume of data twice as high as

five years ago, with only a 6 percent increase in staff."

The overhaul was initiated by the bank's new president, Barber B. Conable Jr., a former Republican congressman from New York, both to strengthen the institution in the pivotal role it is playing in the global debt crisis and to make it more salable to Congress.

"I happen to believe that the staff of this institution is a remarkable asset in the world of development," Mr. Conable said recently. "But there have been expressions of lack of confidence, or at least of uncertainty about efficiency."

"I feel it important that we restructure it and to the extent necessary we restructure it and change the procedures to be sure we are meeting today's expectations and providing adequately responsive to the challenges that face us."

The streamlining, engineered with the assistance of the New York-based management consulting firm of Cress, McCormick & Paget, is similar to, although perhaps not as dramatic as, that undertaken by a number of large corporations. American Telephone & Telegraph Co., for instance, recently announced the layoff of 27,000 workers.

Many outsiders are hailing the See BANK, Page 13

U.S. Retail Sales Increased 4.4% In December

By Martin Crutsinger The Associated Press

WASHINGTON — Retail sales in the United States, aided by last-minute Christmas shopping and automobile sales, rose a near-record 4.4 percent in December, the government reported Wednesday.

"The Commerce Department said that retail sales totaled a seasonally adjusted \$126.26 billion last month after a revised 0.6 percent decline from an originally reported growth of 0.5 percent, in November.

The department's report is based on a sampling of selected businesses and is subject to change. December's increase was the largest since a record 5.6 percent jump in September that was spurred by a rush to take advantage of cut-rate auto financing offered to reduce a huge backlog of unsold 1986-model cars.

The retail sales figures have been influenced heavily in recent months by auto sales. After rising at a record rate in September, total sales fell a record 5.2 percent in October after the financing incentives were discontinued.

November's weakness was blamed on a 3.4 percent decline in auto sales, while they rose by 16.2 percent in December, the best

showing since the record 22.7 percent increase in September.

Even excluding autos, retail sales did well in December, rising by 0.9 percent. That was the best showing for the non-auto category since a 1 percent rise in July 1985.

Much of this strength came in the category that includes department stores, where sales rose 1.3 percent, the best monthly showing since a 1.5 percent rise in August.

Retail sales in October-December were 0.2 percent below those in the year's third quarter.

For all of 1986, retail sales totaled \$1.44 trillion. That was a 5.2 percent rise from 1985, when sales rose by 6.3 percent, but the lowest annual increase since a 3.0 percent rise in the recession year of 1982.

Sales of durable goods, those expected to last three years or more, were up 10.2 percent in December after a 2 percent decline in November.

Sales on nondurable goods were up 0.8 percent.

Choices Reported for Federal Reserve Vacancies

By Robert D. Hershey Jr. New York Times Service

WASHINGTON — Leif H. Olsen, formerly the top economist at Citibank, and Edward W. Kelley, an investment adviser from Texas, seem likely to be chosen to fill the two vacancies on the Federal Reserve Board, government and business sources said Tuesday.

Meanwhile, the prospects appear to have dimmed that Beryl W. Sprinkel, chairman of the president's Council of Economic Advisers, would be chosen to succeed Paul A. Volcker, whose term as Fed chairman expires in August.

Donald T. Regan, the White House chief of staff, was said to be heavily promoting Mr. Sprinkel for the post, but the odds against him seem to have lengthened in recent days, according to one official.

Mr. Olsen's selection would mark something of a departure from the pattern set by President Ronald Reagan in choosing five Fed governors, four of whom still serve. Mr. Olsen, 60, who retired from Citibank last year, has a repu-

reputation as a monetarist while Mr. Regan's other appointees have, to a greater or lesser degree, exhibited supply-side tendencies.

Monetarists tend to worry more than supply-siders about inflation and therefore are inclined toward a more restrictive monetary policy.

Mr. Olsen, reached by telephone in New York, acknowledged that he was engaged in discussions with the White House, but said that "it is very tentative on both sides."

It was understood that, if he joined the board, he would take the seat of Henry C. Wallach, 72, who recently resigned because of poor health. His term expires next January, but Mr. Olsen would then be

eligible for reappointment to a full term of 14 years.

Mr. Olsen's selection also could mean that the administration has fewer options if it should decide not to reappoint Mr. Volcker as chairman. Some of those who apparently are the top candidates to become chairman are from New York, where Mr. Olsen has spent his working life. The law, in the name of geographic diversity, prohibits more than one board member from coming from one district.

But it seemed possible that Mr. Olsen, who lives in Connecticut, could be named to represent the First Federal Reserve District, consisting of the New England states.

New York and northern New Jersey are in the second district.

In contrast to Mr. Olsen, Mr. Kelley is relatively unknown. His principal supporter, however, is Treasury Secretary James A. Baker 3d, a fellow Texan and longtime friend. Mr. Kelley, 54, has been described in press accounts as a man with "growth-oriented" views.

Mr. Kelley is expected to replace Emmett J. Rice, whose resignation took effect Dec. 31. That seat expires in January 1990.

In filling the two vacancies, which require Senate confirmation, Mr. Reagan will have named six of the seven Fed governors, with Mr. Volcker the only exception.

Currency Rates

Table with columns for Cross Rates, Dollar-Dollar Values, and other currency exchange rates as of Jan. 16.

Interest Rates

Table with columns for Eurocurrency Deposits, Key Money Rates, and other interest rate data as of Jan. 16.

Rosy Forecast by Bonn Disputed by Opposition

Reuters BONN — The West German government's annual economic report Wednesday forecast another year of steady growth in 1987, but opposition parties called it propaganda being issued for the federal elections Jan. 25.

Chancellor Helmut Kohl's center-right coalition, in office since 1982 and leading in opinion polls, is campaigning largely on its economic record.

Its report said that inflation would remain under control in 1987, unemployment would fall and Europe's strongest economy would expand by 2.5 percent or more, a growth rate matching its performance in 1985 and 1986.

The report said the forecast was realistic despite potential risks to growth if foreign demand for German goods were to weaken for a long period. The recent appreciation of the Deutsche mark, which reflects the strength of the economy, makes exports more expensive. They fell 0.6 percent in 1986.

Martin Bangemann, the economics minister, said the government would be prepared to consider bringing forward tax cuts from 1988 to 1987 if the economy showed signs of weakening seriously, although he stressed that he did not think this would be necessary. Tax cuts would increase consumer spending and boost the economy.

The main opposition, the Social Democrats, or SPD, said the government was overstating growth prospects to win votes. The SPD contends that the economy is in danger of lapsing into a new downturn, partly as a result of lower exports.

"The report is a conscious, coolly calculated attempt to deceive citizens until the elections," said Wolfgang Roth, a deputy chairman of the SPD's parliamentary party. He disputed a government assumption that the mark would not register a significant further rise on foreign exchange markets this year. The mark's upward adjustment in the European Monetary System this week and the continued slide of the dollar against the mark showed the currency was trapped in an upward spiral, he said.

Hans Apel, another deputy chairman of the SPD parliamentary party, said the fact that a tax-cut advance was mentioned showed

that the government did not believe in its own optimism.

The report said exports appeared set to rise between 1 and 2 percent in 1987, after adjustment for inflation, and it predicted that domestic demand would remain lively in 1987, which would compensate for fairly weak export growth.

Inflation would be kept below 1 percent, while the unemployment rate was likely to fall to about 8.5 percent this year from 9.0 percent last year, the report said.

The SPD has said the Kohl government is failing to tackle what it calls mass unemployment, which it pledges to halve if elected.

The government says its policies have led to the creation of 600,000 jobs since late 1983.

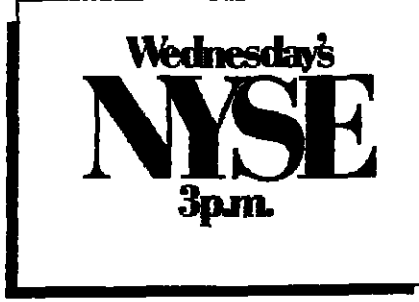
Company Failures Drop

There were 994 West German corporate insolvencies last November, one less than in the same month in 1985, the Federal Statistics Office said Wednesday, Reuters reported from Wiesbaden.

Gold

Table with columns for Gold prices in various locations (New York, London, etc.) as of Jan. 16.

Advertisement for Republic National Bank of New York, featuring two keys and the text: 'There's private banking. And there's very private banking. Here's one bank with a tradition of ensuring privacy for its clients' business. And that's Republic National Bank of New York. No one offers account confidentiality greater than our own. Nowhere more so than at our subsidiary: Republic National Bank of New York (Luxembourg) SA, 13 Avenue de la Porte-Neuve, L-2227 Luxembourg, telephone (352) 470711. Very high security. Very private banking. They're the keys to our philosophy. REPUBLIC NATIONAL BANK OF NEW YORK. Traditional banking in an age of change. NEW YORK - LONDON - PARIS - LUXEMBOURG - MILAN - MONTE CARLO - GUERNSEY. A SAFRA BANK WITH CAPITAL OF OVER \$1,500,000,000.



(Continued)

Table of stock market data including NYSE, AMEX, and OTC listings with columns for stock name, price, and volume.

Main table of international stock market data with columns for country, stock name, price, and volume.

U.S. Futures

Via The Associated Press

Jan. 14

Grains

Table of grain futures prices including wheat, corn, and soybeans.

Metals

Table of metal futures prices including copper, silver, and gold.

Livestock

Table of livestock futures prices including cattle and hogs.

Currency Options

Table of currency option prices for various international currencies.

Financial

Table of financial instrument prices including bonds and derivatives.

Paris Commodities

Table of commodity prices from the Paris market.

London Commodities

Table of commodity prices from the London market.

Dividends

Table of dividend payments for various companies.

Spot Commodities

Table of spot commodity prices for various goods.

DM Futures Options

Table of DM futures option prices.

U.S. Treasuries

Table of U.S. Treasury bond yields and prices.

S&P 100 Index Options

Table of S&P 100 index option prices.

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Table of London metal prices including aluminum and zinc.

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Table of food commodity prices.

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Table of oil prices.

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Table of Asian market data.

DM

Table of DM market data.

Commodity Indexes

Table of commodity index values.

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Table of stock index values.

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Table of market news and commentary.

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Table of DM futures option prices.

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Table of U.S. Treasury bond yields.

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TO OUR READERS IN THE NETHERLANDS

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Caterpillar Closing Plant in Glasgow

The Associated Press LONDON — Caterpillar Tractor Co., the U.S.-based world's largest manufacturer of heavy construction equipment, said Wednesday it would close its Glasgow plant, with the loss of 1,221 jobs, as part of "further consolidation" to reduce costs and improve efficiency. The Glasgow plant produces one model of tractor, plus parts and components for other machines. In September, Caterpillar announced a \$90 million investment to modernize the plant, with the intention of making it the company's biggest in Europe. The British government promised substantial cash aid, thought to be about \$9 million.

Business Row... Fairfax Inc... Murdoch... COMPANY NOTES

BUSINESS ROUNDUP

Fairfax Increases Offer; Murdoch Gains in Court

SYDNEY — John Fairfax Ltd. said Wednesday that it would raise its takeover bid for Queensland Press Ltd. to 24 Australian dollars (\$15.94) a share from its previous bid of 20 dollars, while the Supreme Court in Victoria overruled a temporary injunction that had prevented Robert Murdoch from acquiring more shares of Herald & Weekly Times Ltd.

Queensland Press owns a pivotal 24 percent of HWT, which is the target of a takeover battle between Mr. Murdoch's News Corp. Ltd. and Robert Holmes & Court's J.N. Taylor Holdings Ltd. Queensland Press, based in Brisbane, is in turn 48.3 percent owned by HWT, Australia's largest media group.

The large Fairfax group, whose flagship is the Sydney Morning Herald, publishes morning and afternoon daily papers in Brisbane and holds radio and regional newspaper interests in Queensland.

Fairfax said that a comparable offer would be made for Queensland's convertible notes, and that its offer was being made on its previous bid.

Queensland shares were trading at 22 dollars when the market closed Wednesday.

The Fairfax offer is conditional on the success of J.N. Taylor's bid for HWT, for which J.N. Taylor is currently offering 13.50 Australian dollars a share. News Corp. is offering 15 dollars a share.

Two more key conditions set by Fairfax are that Queensland Press accept the J.N. Taylor cash offer for its stake in HWT and that J.N. Taylor allow HWT to accept the Fairfax bid for Queensland Press.

In addition, it is conditional on a 50.1 percent rate of acceptance for Queensland's total capital, assuming the conversion of notes, and upon there being no change in Queensland's business apart from its accepting the J.N. Taylor offer for its shares of HWT.

The new offer values Queensland's issued capital at 1.09 billion Australian dollars, up from 910 million.

Mr. Holmes & Court, whose companies hold about 14 percent of Queensland's shares, has varied the terms of J.N. Taylor's offer for HWT to accommodate the conditions made by Fairfax. A spokesman said in Perth that J.N. Taylor had not increased its bid in connection with the new Fairfax offer, but that an increase was possible.

Mr. Murdoch made an oral bid of 23 dollars a share to Queensland's board last Friday, tied to Queensland's acceptance of his bid for HWT. But Queensland decided it was inappropriate to accept by his deadline that evening.

Mr. Holmes & Court had asked courts in Victoria and Queensland to block Mr. Murdoch's bid for HWT, and to prevent Queensland from accepting his offer. J.N. Taylor obtained the interim injunction last Friday, alleging that News Corp. was not allowed to acquire HWT because Mr. Murdoch, although born in Australia, has since become a U.S. citizen and the Broadcasting and Television Act bars foreigners from owning more than 15 percent of a broadcast station.

However, Mr. Murdoch has said he plans to sell the TV stations owned by HWT if his offer is successful, and the Supreme Court in Victoria overruled the injunction Wednesday, although ordering News Corp. to refrain from registering the transfer of any HWT shares it acquires until the legal issues are resolved. A full hearing is to begin Monday.

BankAmerica Denies Story That It Sought Aid in Japan

TOKYO — A spokesman for BankAmerica Corp. denied on Wednesday a report that the company had approached several Japanese banks to seek financial assistance.

A spokesman for Bank of America's Tokyo branch, Aiko Taira, said he had informed the bank's head office in San Francisco about the report Tuesday, and a spokesman there called the report untrue.

The report by Kyodo News Service quoted unnamed banking sources as saying BankAmerica, acting through a U.S. intermediary, had asked a group of Japanese banks for financial assistance.

The report said the troubled American bank wanted the Japanese banks to buy about \$500 million worth of preferred stock and subordinated debentures to help with its rehabilitation.

Earlier this month, BankAmerica's directors rejected a \$3.2 billion takeover offer by First Interstate Bancorp of Los Angeles. Bank of America is the second-largest U.S. bank, after Citicorp.

Mr. Taira noted that the BankAmerica directors had authorized management to raise additional capital, including the issuance of equity securities, to bolster the company's finances and help thwart the unwanted takeover.

BankAmerica officials in the United States have said that while there may be foreign interest in acquiring equity securities, that did not mean such investors would be taking a significant interest.

Dixons Group Reports Rise in Profit But Ignores Talk of U.S. Acquisition

LONDON — By announcing first-half results without commenting on rumored acquisition, Dixons Group PLC, the electrical retailer, has quieted speculation that it plans to make a major purchase in the United States, share analysts said Wednesday.

In announcing its results, Dixons reported a 35 percent rise in pretax profits in the 28 weeks to Nov. 8, to \$40.5 million (\$60.3 million) from \$30.1 million in the previous period.

Dixons launched a \$1.4 billion bid for Woolworth Holdings PLC last year, but acceptances reached only 56 percent.

At midday Wednesday, Dixons shares were quoted at 320 pence on the London Stock Exchange, a drop from 336 pence at the close of trading Tuesday.

But they said they still believed the group was negotiating a purchase, and one analyst suggested that Dixons might pay up to \$600 million for a U.S. electrical retailer. Such a purchase probably would be financed through a vendor placing of shares, the analysts said.

No company spokesman was immediately available for comment on the acquisition reports.

BUSINESS PEOPLE

Lubensky Paid \$100,000 for 34.2% of Wheeling

By Arthur Higbee International Herald Tribune

Lloyd C. Lubensky paid only \$100,000 for Allen E. Paulson's 34.2 percent stake in the Wheeling-Pittsburgh Steel Co., according to a filing by Mr. Lubensky with the Securities and Exchange Commission. The New York Times reports, Market analysts had estimated the market value as \$13.5 million, the amount cited in last week's press reports of the sale.

The \$100,000 price was reported in a filing by Mr. Lubensky with the Securities and Exchange Commission. Mr. Paulson, in selling his holdings, also resigned as chairman of the steel company, which is in bankruptcy proceedings. He said he sold the shares at a loss to offset gains from other investments. Mr. Paulson is chairman of Gulfstream Aerospace Corp.

The plan apparently was to install Mr. Lubensky, now Wheeling's largest stockholder, as chairman. But Wheeling has named George A. Ferris, vice chairman and chief executive, as acting chairman until a Feb. 9 board meeting. The company said Mr. Lubensky would be weighing the role he intends to play in management.

Mr. Lubensky told The Times he saw nothing unusual in the low price he paid, "everything considered." Asked what the considerations might be, he said he could not say. He and Mr. Paulson are longtime business associates.

Suzuki Motor Co., Japan's largest maker of small cars, has appointed Seichi Imagawa, an executive director, as its new chairman and another executive director, and Kaoru Kamei as vice president. Osamu Suzuki remains president. Cessna Aircraft Co.'s president,

Bill Van Sant has resigned to pursue other business interests" after his agreement with the parent company, General Dynamics Corp., expired. Cessna said Mr. Van Sant, 48, had promised not to leave before Dec. 31, 1986. General Dynamics acquired Cessna, based in Wichita, Kansas, the world's largest maker of private airplanes, last year.

Fenwess and Schwab Inc., a New York-based resources-industries management consulting company, has named Rolf Gensler chairman and Klaus Scheyer vice

chairman and has changed the firm's name to Gensler and Schwab Inc. The company has spun off its retail-sales consultancy to its former chairman, Stanley Fenwess, and a group of employees. Frank Schwab, 54, the president, chief executive and major stockholder, said the firm has strengthened its international expertise by recruiting Mr. Gensler, 57, formerly with the Flick Group in Düsseldorf, who holds West German and American nationality; Mr. Scheyer, 63, a former officer at W.R. Grace; and, as senior consul-

tant, M. Norman Anderson, 55, a Canadian-American and former head of Cominco mining, and Pierre Gousseland, 64, a French-American and former head of Amax Inc. mining.

National Westminster Bank PLC has appointed Sir Edwin Nixon as one of its three deputy chairmen, effective May 1. He replaces Sir Anthony Touche, who will be 60 on Jan. 31. Sir Edwin, 61, is nonexecutive chairman of IBM United Kingdom Holdings Ltd. and has been a Westminster director since 1975.

EC Commission Says Delphi's Must Be Spared

BRUSSELS — The European Commission has threatened to fine the minimum amount of 10 million dollars if Delphi's is not spared.

The U.S. Commerce Department has threatened to fine the minimum amount of 10 million dollars if Delphi's is not spared.

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Notice U.S. \$75,000,000 IC Industries Finance Corporation Guaranteed Floating Rate Notes Due 1991

DAO HENG BANK LIMITED HK\$300,000,000 NEGOTIABLE FLOATING RATE HONG KONG DOLLAR CERTIFICATES OF DEPOSIT DUE 30TH DECEMBER, 1991

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 14 Jan. 1987. Table listing various international funds with their respective values and performance metrics.

6 7/8% Bearer Bonds of 1987 (1997) Kreditanstalt für Wiederaufbau Offer for Sale DM 750,000,000. Detailed advertisement for bond sale including terms, interest, and contact information.

CURRENCY MARKETS

DOLLAR: Plunge Continues, With American Backing

(Continued from Page 1) The end of 1987, said Jonathan Francis, managing director of the World Economic Group at Wheaton Economics in Philadelphia. Foreign-exchange dealers in Frankfurt also were taking a dim view of the dollar's future. "The trend is solidly against the dollar and shows no signs of turning," said a Frankfurt-based dealer for an American bank. "It's almost certain that we will see the dollar reach the historical low of DM 1.70 this year, although there will be ups and downs along the way," the dealer said. "What happens once we do reach that point is anyone's guess." The dollar reached a peak of 3.47 DM in 1985. Experts say its current slide began Sept. 22, 1985, when finance ministers and central bankers from Britain, France, West Germany, Japan and the United States...

London Dollar Rates

Table with columns: Currency, Bid, Ask, Source: Reuters. Includes Deutsche mark, Swiss franc, Japanese yen, French franc.

BANK: Conable Plans Tighter Ship

(Continued from first page) move. For example, Richard E. Overseas, vice president of the Overseas Development Council, a research institution, said: "I think it's good that Conable is taking a hard look. A leaner bank helps up their brief on the Hill." Mr. Feinberg said that if it is crafted carefully, the restructuring should be welcomed, both by many inside the bank, who are frustrated by the proliferation of paperwork, and by developing countries, which would like to see quicker loan approval. Mr. Lewis said there was "no question" that if Mr. Conable is successful with this effort, he will be "more successful" with the subcommittee on foreign operations of the House Appropriations Committee, which holds one of the keys to bank financing. No matter what happens in the restructuring plan, the Reagan ad-

THE EUROMARKETS

Severe Weather Depresses Demand for Statoil Issue

By Sandy Critchley LONDON — Eurobond trading was curtailed Wednesday by widespread staff shortages as snow prevented many traders from reaching their desks, dealers said. Response to at least one new issue, a \$200 million dollar-straight Eurobond launched in the morning by the Norwegian state oil concern, Statoil, was depressed by weather-related factors. Demand for dollar-denominated issues had already been depleted by recent dollar weakness, dealers noted. After a slightly lower start, dollar Eurobonds prices recovered somewhat toward the end of the day, despite the dollar's continued downward course, as they tracked values for U.S. government bonds.

Wednesday's OTC Prices. NASDAQ prices as of 3 p.m. New York time. Via The Associated Press.

Table with columns: 12 Month High, Low, Stock, Div. Yld., Sales in 1986, High, Low, 3 P.M. Close, Net Change. Includes various stock symbols like A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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Alarms. Various text and graphics related to alarms.

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Wednesday's AMEX 3pm. Tables include the nationwide prices for the closing on Wall Street and do not reflect late trades elsewhere.

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50 YEARS... Angelina...

Various text and graphics at the bottom of the page.

Weekly net asset value Tokyo Pacific Holdings N.V. on January 12, 1987, U.S. \$177.09

BUILD TAX FREE WEALTH IN PRIVATE 9.50%* 2 YEAR U.S. \$ CERTIFICATES OF DEPOSIT MINIMUM INVESTMENT U.S. \$5,000

SPORTS

Stars & Stripes 2-Up; Kookaburra III Takes Opener

Compiled by Our Staff From Despatches
FREMANTLE, Australia — Dennis Conner and Stars & Stripes are halfway to the America's Cup finals.

the right to meet the best Australian yacht for the cup, which Conner lost in 1983; before that the United States had held it for 133 years.

AMERICA'S CUP
"Dennis Conner has our backs to the wall," said the syndicate's chairman, Michael Fay, adding that the lay day would be used to regroup and try to "find a cure to catch Conner."

seconds on the second windward leg and maintained the margin through both reaches.

Australia IV built up a 17-second lead on the first leg, but Beashel then gambled and broke off from the stronger tacking Murray to play a wind shift and Kookaburra III was only 10 seconds back rounding the first mark.



Kookaburra III, right, banged into Australia IV's stern in pre-race maneuvering Wednesday.

Lendl and Navratilova Gain, but Three Seeds Fall

MELBOURNE — Top seeds Ivan Lendl and Martina Navratilova moved into the third round of the Australian Open tennis championships here Wednesday, but three other seeds lost their first matches.

When the match resumed Thursday, Becker, 19, will be trying to avoid a repeat of the last Australian Open, in December 1985, when he lost his first match to highly regarded Michiel Schepers of the Netherlands.

Srebrer of Czechoslovakia, 3-6, 2-6, 7-5, 6-3, 6-3 in a marathon encounter. Lendl had a lapse midway through his meeting with Saltz, ranked 329th in the world, but came on strong in the final two sets.

NBA Bans Two Rockets for Cocaine Use

New York Times Service
NEW YORK — Lewis Lloyd and Mitchell Wiggins of the Houston Rockets were banned from the National Basketball Association on Tuesday after having tested positive for cocaine.

drug testing, or random drug testing, in the NBA; only when there is "reasonable cause" can the parties proceed to seek a test.

Lloyd and Wiggins are the third and fourth players banned under the drug agreement. The others are Michael Ray Richardson, the former New Jersey player-maker, and John Drew, the former star for Atlanta and Utah.



Lewis Lloyd

SCOREBOARD

Table with columns for NBA Standings (Eastern, Central, Western, Pacific Divisions) and NBA Leaders (Points, Rebounds, Assists).

AUSTRALIAN OPEN TENNIS

Table showing tennis match results for the Australian Open, including men's and women's singles and doubles.

U.S. College Results

Table listing results from various U.S. college sports, including basketball, football, and hockey.

NHL Standings

Table showing NHL standings for the Eastern, Western, and Campbell Conferences.

Transition

BASEBALL
KANSAS CITY — Stunned Buddy Blanton, shortstop for the Kansas City Royals, was named as the new manager of the team.

Both Five Nations Rugby Openers Weathered Out

CARDIFF, Wales — Severe weather conditions on Wednesday caused the postponement of Saturday's opening matches in the Five Nations rugby tournament.

Transition

BASEBALL
KANSAS CITY — Stunned Buddy Blanton, shortstop for the Kansas City Royals, was named as the new manager of the team.

Tennis

Table listing tennis tournament results, including the Australian Open and other international events.

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